Symposium

THE SOCIALISM OF OUR TIMES

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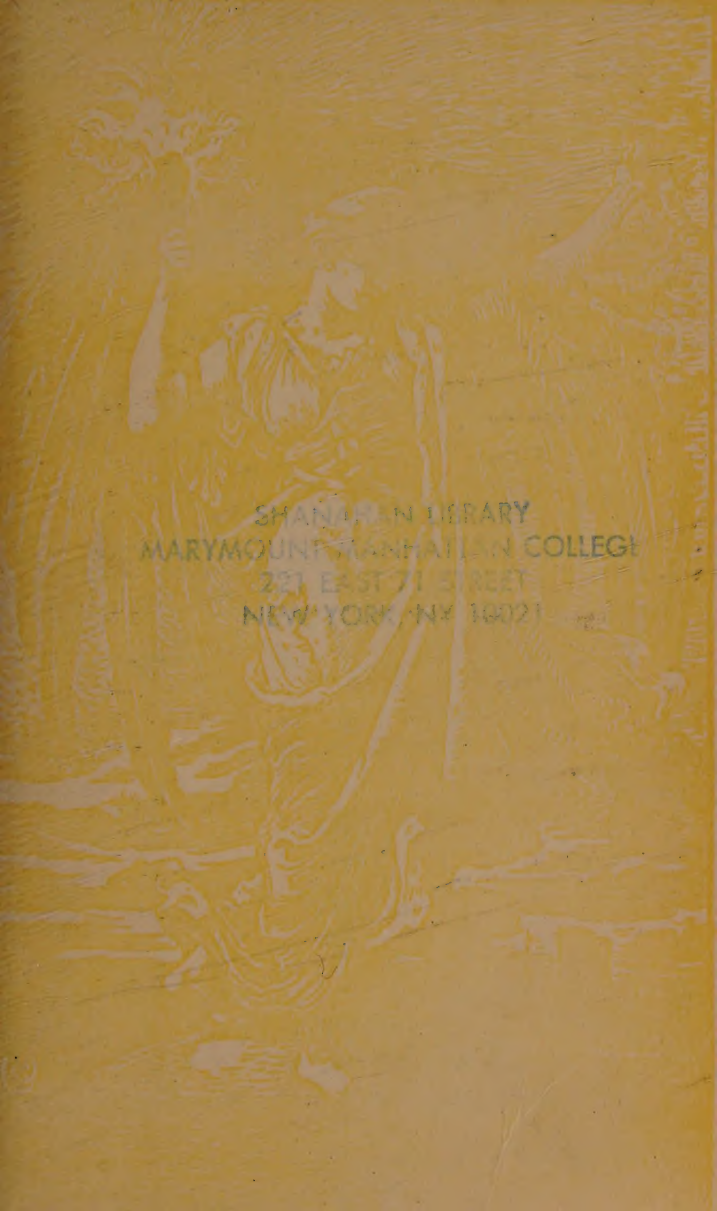
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THE SOCIALISM OF OUR TIMES

A Symposium by

HARRY ELMER BARNES, STUART CHASE, PAUL H. DOUGLAS, MORRIS HILLQUIT, HAROLD J. LASKI, ROGER N. BALDWIN, PAUL BLANSHARD, LOUIS B. BOUDIN, AUGUST CLAESSENS, MCALISTER COLEMAN, SOLON DELEON, HENRI DEMAN, ALEXANDER GOLDENWEISER, J. B. S. HARDMAN, JESSIE WALLACE HUGHAN, VLADIMIR KARAPETOFF, WILLIAM KARLIN, KARL KAUTSKY, BRUNO LASKER, ALGERNON LEE, WILLIAM M. LEISERSON, FRANZ LONGVILLE, BENJAMIN C. MARSH, JAMES H. MAURER, JAMES ONEAL, H. S. RAUSHENBUSH, I. M. RUBINOW, BENJAMIN C. STOLBERG, N. I. STONE, ERNEST UNTERMANN, LOUIS WALDMAN, J. S. WOODSWORTH AND OTHERS.

Edited by

HARRY W. LAIDLER AND NORMAN THOMAS

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INTRODUCTION

PURE pragmatism has never been a philosophy of power to guide men's acts. Opportunism or the doctrine of doing the next thing may at times be politically expedient but it is never an organizing creed for the multitudes. "We don't know where we're going but we're on our way" is no rallying cry for crusaders. The American Revolution was won less on the detailed grievances set forth in the Declaration of Independence than on the daring generalizations with which it begins.

It was the supreme service of Karl Marx that he gave to the vague grievances and aspirations of the oppressed workers a philosophy, a religion, a relationship with cosmic forces. He supplied those generalizations by which Dean Inge well says men live. Harold J. Laski has brought this out in a passage worth repeated quoting:

"The *Manifesto* gave direction and a philosophy to what had been before little more than an inchoate protest against injustice. It began the long process of welding together the scattered groups of the disinherited into an organized and influential party. It freed socialism from its earlier situation of a doctrine cherished by conspirators in defiance of government and gave to it at once a purpose and an historic background. It almost created a proletarian consciousness by giving, and for the first time, to the workers, at once a high sense of their historic mission and a realization of the dignity implicit in their task. It destroyed at a stroke both the belief that socialism could triumph without long preparation, and the hope that any form of economic organization was possible save that which was implicit in the facts of the time. It insisted upon no natural rights. It did not lay down any metaphysics. It was, on the contrary, a careful and critical historical survey of the institutional process regarded

as a whole. It is a book of men who have viewed the whole process of history from an eminence and discovered therein an inescapable lesson. It is at once an epilogue and a prophecy—an epilogue to the deception from which the workers suffered in the Revolution in 1789, and a prophecy of the land of promise they may still hope to enter."

Now, however important philosophies are and creedal statements of them, there is always danger of their hardening into blind dogmatism. Life has a way of modifying generalizations and changing established emphases. Since the appearance of the *Communist Manifesto* in 1848 or even the writing of the last volume of *Das Kapital*, there have been profound changes in the basic ideas of our philosophy, and in our political and economic organizations. Marx's generation knew nothing of the psychology of any of the schools that now compete for public fame. Hegelianism from which Marx derived much of his philosophical approach is virtually a dead philosophy. Ricardo's iron law of wages on which Lassalle relied has long since been disproved. Capitalism may still talk the language of Adam Smith. It has completely outgrown his laissez faire individualism in practise.

The physical sciences have not escaped. As we write, the newspapers report that Dr. D. W. Swann told the American Chemical Science Institute in solemn session that science must base its laws on probability and must account for many phenomena in terms of chance or luck. At any rate the eternal and unchangeable physical laws of two decades ago can scarcely be recognized in the newer notions of relativity, the relations of matter and energy, the quantum theory and the organization of atoms.

Under such circumstances has Marxian socialism been exempt? Has it alone needed no revision? Are its followers agreed on its orthodox interpretation? At least the question is worth raising, and that by men who do not believe in drift, but recognize the importance of adequate generalization in human affairs.

The question arises from events in the sphere of social action as well as of scientific thought. We have had the

growth of political democracy; the development of capitalism; a World War; the Russian revolution and the great communist experiment; the rise of Socialist parties to political power or the threshold of power in Western Europe; Mussolini's chauvinistic Fascism, the work of a renegade socialist; the awakening of Asia largely along nationalist lines; the so-called "new" capitalism of the United States and the comparative weakness of socialism in that most powerful of industrial nations in the world. How does all this fit into Marx's picture? Did Lenin interpret and fulfill the Marxian principles as he and the orthodox communists claim, or did he profoundly modify Marxian philosophy as Max Eastman has argued, or partially betray it as some socialists believe?

There is always a temptation in great social movements to give lip service to a creed that in action is not applied. Of this fact and its dangers the Christian church gives warning that socialists may well heed. Hence the importance of undertaking the ambitious task of a reexamination of socialist principles and a fresh study of socialist tactics. It is a task to be modestly undertaken by men not afflicted with the dangerous dogma that anything older than the last issue of the *American Mercury* is wrong. It is a task that requires a knowledge of socialist theory and of modern conditions.

This book is a tentative approach to the task in hand. It is frankly written from an American viewpoint and hence needs supplementing from the thought and experience of other lands. It is based on a Conference of the League for Industrial Democracy at Camp Tamiment late in June, 1928. While it utilized papers submitted at that Conference and discussion at the Conference, the book is no mere transcript of proceedings. Papers and discussions have been rearranged and revised with the consent of the authors of the papers and new material has been added. Only the most pertinent parts of the informal discussion at the Tamiment Conference over which Norman Thomas presided have been used. The work has been done by men who believe in the general truth of socialism and profoundly believe in the importance, particularly in our headlong America, of straight thinking and a

working philosophy on which any wise program of action must depend.

It is generally agreed that in Marxian socialism historically considered, there are certain basic doctrines. These are usually described as the materialist conception of history or the economic interpretation, as many term it; the doctrine of class conflict and the labor theory of value and surplus value. On each of these we set forth some pertinent discussion first giving a brief and popular description of the doctrine as generally understood.

It is not, however, directly on these doctrines but on questions of tactics that socialists and communists have split. We therefore are especially concerned with socialist tactics and some inquiry concerning the socialist society of the future.

Indeed, in the light of the American temperament and American ignorance of what socialists want, it has seemed best to begin this book with a discussion of ends sought, that is, of the socialist state and some consideration of things to be desired in tomorrow's world. In Part II, Professor Douglas makes an interesting and comprehensive analysis of developments of the last decade in Russia and the United States and their bearing on both tactics and theory. Against this background we are ready in Part III to take up the various points of view that divide radicals on tactics in general and next steps in America in particular.

Finally in Part IV comes the detailed discussion of Marxian theory. He who wishes may read Part IV first!

Such is the purpose of the book. Its pages and its conclusions must speak for themselves. They must be tested in life. Their importance is anything but academic. They are bound up with the supreme adventure of mankind: the effort of men collectively to manage the physical power they have unloosed and the machinery they have created so as to make them a blessing instead of a curse, a source of freedom for the workers and not their deep slavery, of life not death for us all.

PART I

WHAT SOCIALISTS WANT

CHAPTER I

THE DYNAMICS OF A SOCIALIST SOCIETY

By Harry W. Laidler

"WHAT Will a Socialist Society Look Like?" Early utopians had the habit of going into their study and evolving a picture of the new social order out of their inner consciousness, paying little regard to the developments that were then taking place in society. As distinguished from these utopians, modern socialists seek to study the long ranged tendencies in industrial development and to base their concept of the cooperative order on these tendencies and on the probable and the desirable course of action of the producers when once they obtain power. Socialists, of course, are of the opinion that the workers, when they secure control of government—human nature being as it is—will, sooner or later, decide to use their power to eliminate waste and war and exploitation, to secure an increasing amount of liberty, equality of opportunity and democracy and that this can be attained only by increasing control by the workers over their industrial life.

They look upon the socialist order as one that is never static, that is constantly evolving, and they realize that types of ownership and control that may be most desirable for certain stages of development may be very unwise in certain other stages. They realize, in other words, that society is a living, growing organism, not an inanimate structure, and they recognize the impossibility of prophesying the detailed arrangements of society in some distant age. These details must

be left to the men and women of that age, working on the economic structure that is theirs.

On the other hand, socialists do believe that certain general developments may be visualized and, further, that it is their duty to provide whatever chart they can for themselves and their fellowmen. In working out their chart they are keen to gain any lessons possible from the experiments in social ownership now going on in Russia, and in other countries of the world.

PRIVATE PROPERTY UNDER SOCIALISM

The first question that naturally arises in any consideration of a socialist régime is: to what extent do socialists expect to socialize property? Are there any limits which will be placed on social control? If so, what are they likely to be?

In reply to this question it may be said that socialists are not communists of the pre-war variety. They have no intention of abolishing private property in consumption goods, such as clothing, furniture, and houses not used for exploitation. We, as socialists, want the mass of mankind to have more private property and better private property than they now possess.

That, you say, disposes of the question of consumption goods. But what about industry? Will all industry be socially owned under a cooperative commonwealth, following the picture of such writers as Edward Bellamy, or will some industry still be retained in private hands?

Most modern socialists agree that the latter will be the case. Neither the community nor voluntary cooperative groups will undertake to manage every imaginable business. Some undertakings will still remain in individual control, even although they remain so, "as islands in the midst of an ocean of social enterprise," as one writer states.

Of course the amount of individual ownership and of social ownership will differ as has been suggested, at different stages of socialist development, and the boundaries between the two will never be clearly marked. But probably for

decades to come, individual enterprise will be found in at least four types of industry. These include, first, the field of handicraft industry, where tools are inexpensive and are now owned by the individual worker, and where the product is of such a unique design that it is difficult for machine production to duplicate it. It is entirely conceiveable, in fact, that the demand for artistic production from such private concerns may increase, rather than diminish, under socialism.

Second, there will probably continue to be considerable private ownership in agriculture. The Soviet government has certainly found it impossible to socialize agriculture over night. In fact in Russia at present only about five percent of the farming is socialized. For decades to come individual, cooperative and public production will probably exist beside each other in this important field.

Thirdly, individual enterprise will probably continue in certain forms of intellectual production. No one has ever seriously proposed, as Vandervelde has it, the socialization of the pen of the writer or the brush of the artist. One difference between material production and intellectual production is that one necessitates far more social control than the other. It is a matter of very great importance to the community, for instance, how many tons of coal are produced a year and society should have the power to decide that question, but it is a matter of comparative indifference how many books on biology, astronomy, etc., how many tragedies and comedies are produced, and the community can well afford to leave that decision to individual initiative. Socialism in material production and anarchism in intellectual production, has been the shibboleth of some socialists. Like most shibboleths, it should be considerably modified but it nevertheless contains a good deal of common sense.

There is also a fourth field where the continuance of private industry may be socially desirable, and that is in the field of new enterprises, where business men are experimenting on new inventions or devices. Mr. Shaw, in his recent book, feels that not only might it be desirable for the com-

munity to *permit* individual undertakings in this field, but that it would be well for society to *encourage* them, by a subsidy, if need be. If they produced a commodity that was, after a series of years, regarded as necessary to the life or well-being of large numbers of people and the industry assumed a permanent place in the life of the community, then it could be transferred from private to public hands.

During the period of private ownership it, of course, would be perfectly possible to safeguard the worker and the consumer by certain legislation relating to hours, wages, sanitary conditions, prices, quality, profits, and taxation. And the employe of a private enterprise would always have the alternative of returning to social industry if dissatisfied with his treatment.

The criterion as to whether private or public ownership should exist in any case would be that of social welfare.

SOCIAL INDUSTRY UNDER SOCIALISM

So much for the extent of private enterprise under a cooperative system. How about social industry? Does social industry mean, as certain anti-socialist critics charge, centralized ownership by the federal government? The answer is surely in the negative. Social ownership as used by socialists is of various types. It means public enterprise—municipal, state or federal accompanied, of course, by democratic control. It also means, however, control by voluntary cooperative groups of consumers or producers. It may mean likewise some sort of a partnership between two or more of these groups, as in the case of the Ontario Hydro-Electric industry, in which the Province generates the electricity and transmits it to the borders of municipalities and the local units distribute it to their citizens.

Increasingly socialists are also realizing that an exclusive national ownership will not solve the question of war and peace. International commissions must be set up in connection with many of the large industries, and particularly in connection with the nation's natural resources, so as to ensure

that no one country or small group of countries monopolize these resources to the exclusion of less favored nations.

Of course this principle, if carried out, would submit our internationalism to the acid test, for we in America possess about one-half of the estimated coal reserves in the world and most of the copper. We lead the world in the production of iron ore and of phosphate. We have vast timber and oil resources. And we are getting along pretty well, thank you, without any international commissions, except in the case of rubber and one or two other commodities which the wicked British are trying to monopolize! But even we cannot ignore the friction-breeding influence of the monopolization of raw materials.

In dealing with social ownership, there has, in the nature of the case, especially among European socialists, been a good deal of discussion of late regarding the territory that should be assigned to voluntary cooperative groups, on the one hand, and to community ownership, or as Webb has it, to compulsory cooperation on the other. The battle is still waging and no socialist is in a position to dogmatize regarding the limits of the two kinds of control.

In general, socialists are inclined to believe that, along with individual ownership in farming, there will be much voluntary cooperation. In this country, as abroad, we find farmers getting together on an extensive scale in cooperative buying and selling organizations and this is likely to develop as the years go on.

In the realm of the production of ideas, one can imagine many groups cooperating on a voluntary basis to publish organs of opinion—the *New Leaders* and *New Republics*, and the *Nations*, and *Mother Earths*, the *Daily Workers* of their days—to express themselves on subjects very near to their hearts, but which may run counter to the opinion of the majority of people. Minority groups must be free to speak on all vital questions and can best do this through publications which they own and control.

While public education will vastly increase, I can imagine that many cooperative experimental schools will spring up

and flourish under a socialist régime. British and continental socialists also assign a large field to voluntary cooperation in the distribution of household commodities. They have seen the consumers' cooperative movement become ever more powerful in these directions and feel that these cooperatives have proved worthy of a permanent place in the distributive field. In Russia voluntary cooperative groups constitute a large and important part of socialized industry. In the United States, the chain store has succeeded where the cooperative has failed, and it may very well be that distribution in America may be transferred directly from private to municipal operation.

Nor should the field of producers' cooperation be ignored. It is altogether possible that a number of producers' cooperatives will evolve from the trade and industrial unions in various of the industries under a cooperative commonwealth.

PUBLIC INDUSTRY

Thus a distinct place would be found for private industry and for voluntary cooperative industry under socialism. Finally, and most important, is the field allocated to public, governmental industry—municipal, state and national. To public control would naturally be allocated the great industries connected with the exploitation of our natural resources—coal, oil, water power, etc. These resources are now concentrated in the hands of a few interests. Four-fifths of the anthracite coal is owned by eight companies. One-half of our iron ore reserves are controlled by two corporations, the United States Steel and the Bethlehem Steel corporations. One-half of our copper deposits are in the hands of the Anaconda and three other corporations; and so on; so it would not be difficult to transfer these resources from private to public monopoly.

The nation would normally assume control of the means of communication and transportation. These services are now publicly owned in most of the advanced countries of the world. In this country the vast industry of mail is conducted

by the federal government. But other forms of communication and transportation are here held by powerful private interests. Three-fourths of our telephones are owned by one interest, the Bell System. Four-fifths of the land telegraph business is conducted by the Western Union and an increasing amount of the cable and radio by the Mackay-International Telegraph and Telephone-Radio Corporation interests. In railroads consolidation is proceeding apace.

The banking interests, the power industry and the more important manufacturing industries would also, sooner or later, be transferred to public ownership, while municipal, state and federal governments would constantly expand their educational, recreational and health services. Even at present a majority of doctors are probably giving some time to public health activities. As for land used for exploitation or speculation, it would either be made public property or the community would see that any increases in land value, due to community effort, reverted to the public.

This transfer to social control cannot, of course, be accomplished over night. It is a matter of years. It should be undertaken, under normal circumstances, only as rapidly as the community can assume control on an efficient and democratic basis and is probably likely to proceed in most industries from the most centralized to the less centralized concerns.

THE FORM OF CONTROL

So much for the question of ownership, of the limits of private, cooperative and public control. A second main question allied with this problem is that of the form that a governmental industry is likely to take under socialism. In the past many writers accused socialists of wanting public industries operated as departments of government, in somewhat the same way as the Post Office Department is conducted, with the chief officer appointed by the President because of political pull rather than because of any special ability on his part. Then these accusers would put up their hands in horror and ask the country whether it wanted to

transfer industry from the efficient hands of business men to the inefficient control of hand-shaking politicians.

At present most intelligent socialists are thinking rather in terms of non-profit governmental corporations, operating with very considerable powers outside of the machinery of the political state. A number of experiments in recent years have forced socialists increasingly to consider the advantage of this type of organization, including the government corporations set up during the war, the Russian trusts and syndicates, and such specific bodies as the Ontario "Hydro" Commission and the Port Authority of New York. The guildsmen agitation has also had its effect.

Of course, as a means of coordinating the production and distribution of products, some central statistical and advisory agency should be set up, for which the Gosplan in Russia and the former War Industries Board in the United States could furnish many valuable suggestions.

Such socialized industries in the nature of the case should be thoroughly representative of every interest involved, including the workers, the technicians and the consumers. Socialists are increasingly convinced of the need for adequate representation of the worker in the councils of the industry as a means of protecting his standards, developing his personality and bringing to the industry the immensely valuable suggestions which the person actually on the job has to offer. On the other hand, the contribution of the consumer and the technical expert should not be ignored.

REMUNERATION

A problem which must be faced by the socialist society and which has again been forced to the front by the publication of a book on socialism by the world's most distinguished dramatist and the movement's most scintillating writer, Bernard Shaw, is that of remuneration. I remember in 1921 visiting Shaw in his apartment on the Thames embankment, partly for the purpose of finding out what excuse he had this time for not taking a trip to America. In the course of

his truly Shavian conversation, Shaw referred to his contribution to socialist thought and maintained that if he had done only one thing, he had impressed the movement with the need for equal pay under socialism. Shaw's recent book is a strong defence of this position. He argues for equality by a process of elimination. No other system, he declares, will work. He brings all possible alternatives in battle array. Some favor the principle, "to each, what she produces"; others, "to each, what she can grab," etc. The only sensible plan, however, he declares, is to each an equal income. This is tested by experience. "The great bulk of the daily work of the civilized world is done and always has been done and always must be done," Shaw affirms, "by bodies of persons receiving equal pay, whether they are tall or short, fair or dark, quick or slow, young or getting on in years, teetotalers or beer drinkers, Protestants or Catholics, married or single, short tempered or sweet tempered, pious or worldly; in short, without the slightest regard to the differences that make one person unlike another. In every trade there is a standard wage; in every public service there is a standard pay. The rule is that workers of the same rank and calling are paid alike and that they neither sink below their condition nor rise above it."

Equal income, furthermore, is the one system, Shaw asserts, that allows real merit to win out. Under all other systems distinction is not based on merit, but on money. There would, of course, be distinction under socialism. There would be great and little people.

"But the great would always be those who have done great things," declares Shaw, "and never the idiots whose mothers had spoiled them and whose fathers had left them a hundred thousand a year; and the little would be persons of small minds and mean characters, and not poor persons who never had a chance. That is why idiots are always in favor of inequality of income (their only chance of eminence), and the really great in favor of equality."

However, Shaw does not always stand by his principles. For instance, when discussing the problem of disagreeable

work under socialism, he declares that that problem will be solved by giving more leisure to the doer of this kind of work. "Give more leisure," he says, "earlier retirement into the superannuated class, more holidays, in the less agreeable employments and they will be as much sought after as the more agreeable ones with less leisure." This is probably what must needs be done, but, if it is done, it will mean the same pay for less hours, or more pay for equal hours, or, in other words, inequality of pay.

Nor does Shaw satisfactorily face the problem of what is to be done with a person, under a régime of absolute equality, who refuses to do his share of work, but who demands an equal share of the product. Shaw's pronouncement is that such a one is a thief and should be dealt with as any other thief is dealt with. This, however, raises, at least in my mind, visions of a considerable army of police hunting down the men who have committed the crime of crimes under Shaw's commonwealth—that of evading work. It is not an agreeable picture.

A professor of mine out west years ago declared that, under the present order of society, a number of principles of compensation were at various times and in various places in operation: Compensation according to greed; compensation according to breed; compensation according to speed; compensation according to deed; compensation according to need; and equal compensation. Under socialism, he maintained, it is to be hoped that the first three forms of compensation will be a thing of the past and that, at different stages in socialist evolution, the other principles—compensation according to deed, according to need, and the equality principle, will vie with each other for supremacy. Nor can the workings of supply and demand be ignored.

Personally, I feel that it will not be possible for decades to come to follow one principle of remuneration to the exclusion of others. One can work out a beautiful ethical case for either the deed, need or equality principle. But the matter is not likely to be settled as a purely ethical question. It is more pragmatic than that. The Russian communists realized this

when they were compelled to modify their equalitarian principle and to give higher remuneration to technicians in order to induce them to give their best services to society. The kind of compensation under a cooperative commonwealth that should be given will depend on the development of the economic and physical life of the people at different times and places. My guess is that, though the spread between the maximum and minimum salaries of workers in public industry will gradually decrease, there will be some differences in income for decades to come, both as an incentive to production and, perhaps more important, as a means of making it possible to shift workers from industries where work is scarce, to those where the demand for labor is great, without using the big stick of compulsion. The criterion should be: What kind of compensation will, at any time, bring the best social results, will lead to the maximum social happiness, and everything else should be made subordinate to this criterion.

It may be that the time will come when differences in compensation will have no effect on social effort. It may be that the time will come when goods will be so abundant that the communistic principle of needs will win out, but that time is not yet, and, in the meanwhile, socialism will have a hard job in totally eradicating the money incentive that has played so large a part in capitalist society.

THE POLITICAL STATE

I have left untouched many important aspects of socialist society. There is, for instance, the problem of the nature of the political state. Will there be any political state? If there is, will it be based on geographical, industrial or occupational representation, or a combination of all of these? Will there be one or two legislative chambers? What will be its powers of coercion, if any? These and other questions cry for consideration.

In general, socialists, whatever their opinion regarding the nature of the transitional state, stand for thorough-going democracy in political government under socialism. They

stand for the utmost possible freedom of speech and of movement, so long as such freedom does not bring disadvantage to others. They would have the government slough off its coercive functions as rapidly as possible, although it is difficult to say how rapidly that will take place if the transitional state is a dictatorship. They believe that it will probably always be necessary for some agency, as a representative of the community, to be in a position to curb the anti-social acts of its citizens. Personally I find it difficult to visualize a time when we can dispense, for instance, with our traffic police and, as long as we have any remnant of private ownership of industry, some agency must be in a position to collect taxes and to enforce their collection against recalcitrant individuals. In the sense that Marx defined the state, as an instrument of one class for the oppression of another class, in that sense the state should pass away under socialism. In the sense that it is defined by others, as an agency through which all the people of a community may perform functions which all require by virtue of their residence in that community—the cleaning and lighting of streets among them—it will undoubtedly be continued.

Frankly, there is no common opinion in the socialist movement regarding the best form of representation under the socialist republic—that will be a matter of much experimentation. At present an interesting controversy is taking place as to the relative advantages of a one and two chamber legislature. Webb wants a legislature which will consist of a political chamber, charged with purely political questions and a social chamber, charged with problems of industry and education, in which numerous sub-committees are elected with general advisory powers over particular industries. Laski maintains that one chamber is to be preferred to two: if the two chambers are continually clashing as representatives of different interests, unnecessary delay and inaction results; if they are continually agreeing, why have two chambers anyway? The development of the Soviet state has also led to considerable discussion as to the relative efficiency of this and the democratic political structure. Par-

enthetically it may be said that the Soviet form has not yet had a fair chance to show how it would work not as an instrument of a small, cohesive party bent on dictatorship, but as an instrument of society as a whole, committed to the principle of majority rule.

But in America there will probably be plenty of time to thrash out these and other questions before the cooperative order arrives.

In the meanwhile let us approach the new order in the undogmatic spirit of Kautsky when he said:

"Nothing is more false than to represent the socialist society as a simple, rigid mechanism whose wheels, when once set in motion, run on continuously in the same manner.

"The most manifold forms of property in the means of production—national, municipal, cooperatives of consumption and production, and private, can exist beside each other in a socialist society; the most diverse forms of industrial organization,—bureaucratic, trade union, cooperative and individual; the most diverse forms of remuneration of labor,—fixed wages, time wages, piece wages, participation in the results of intensive labor, participation in the economies in raw material, machinery, etc.; the most diverse forms of the circulation of products, like contracts by purchase from the warehouses of the state, from municipalities, from cooperatives of production, from producers themselves, etc. The same manifold character of economic mechanism that exists today is possible in a socialistic society. Only the hunting and the hunted, the struggling and resisting, the annihilated and being annihilated of the present competitive struggle are excluded and herewith the contrast between exploiter and exploited."

Under such a condition, says Kautsky, in another passage, letting his imagination take flight, "may we not expect a new type of mankind to arise that will be far superior to the highest type that culture has hitherto created? An overman, if you will, not as an exception, but as a rule. An overman as compared with his predecessor, but not as opposed to his comrades. A noble man who seeks his satisfaction not by be-

ing great among crippled dwarfs, but great among the great, happy among the happy, who does not draw his feelings of strength from the fact that he raises himself on the shoulders of the downtrodden, but because a union with his fellowmen gives him courage to dare the attainment of the highest tasks. So may we expect that a realm of strength and of beauty will arise that will be worthy the ideals of our best and noblest thinkers."

CHAPTER II

A VERY PRIVATE UTOPIA

By Stuart Chase *

LEWIS Mumford in the *Golden Day* has given us a brilliant review of American culture as reflected in American literature from Jonathan Edwards to John Dewey. It is on the whole an exceedingly critical review. He tells us frequently, passionately, and beautifully, what he is against, but only rarely does he let it be known what he is for. Modern industrial civilization has nourished a great array of critics. Few of them are as competent or as penetrating as Mr. Mumford, but all of them—save possibly the utopians—follow his general method. They are indefatigable in pointing out the shortcomings of society, but they are vague as to the precise nature of available substitutes. They seldom define their standards. Yet standards they must have; otherwise it would be impossible to criticize. They either take it for granted that the reader shares their inward knowledge, or else, and more probably, the standards have never been formulated in the critic's conscious processes at all. They have grown in the back of his mind, darkly.

From the artists, the dramatists, the socialists, the poets, the uplifters of all varieties, has poured forth in never-ending flood the challenge that *homo sapiens* is only half alive.

What does he look like when he is alive?

The question would seem to be a fair one, but it is seldom answered. The writers of utopia have struggled with it, but their canvases are usually so great that we are seldom able to see ourselves or our neighbors living or behaving in that world. There is a strange chill about all utopias; they are

* Reprinted from the *Nation* by courtesy of the publisher and author.

inhabited by gods, not men. Even when a critical play of modern manners, the *Beggar on Horseback*, forsook its rôle of satire for a moment and gave us a picture of happiness about a sun-drenched breakfast table, we stared unconvinced at such very yellow bliss. The negatives stretch to the horizon, but the positives are either lacking entirely or, when focused before us, appear cold or a little absurd. Indeed to seek to describe with clearness and precision the specific target at which programs for ushering in the good life should aim can only be an adventure tinged with absurdity. But a possible approach may be to delimit the kind of life one personally would like to live. Will this remove the utopian chill and at the same time furnish the beginnings of a standard? We can but test it.

I have thrown my arrows with the rest at the sweating corpus of the world as it is. I have called it ugly, machine-minded, dull, ignorant, and cruel. I have said that the few live, and they precariously, while the many exist, half-dead in their frustrations and blind alleys. Before hurling another quiver it would seem only fair—however dubious the result—to define rather specifically what I mean, or think I mean, when I mark off the quick from the dead.

The hours roll into days, the days into years. Down this funnel of time one drifts, now easily, now painfully. One is happy, one is miserable. There are days of the most intense blue; days of a terrible black; with perhaps the majority of days in all-pervading mauve-gray. The causes for the color of these days are far from clear; one takes life as it comes. Modern psychology is groping for causes, but it has not as yet brought much that is genuinely helpful into the light. It cannot tell you where the good life has been competently analyzed or even adequately described. Science has perhaps even less to report than the poets and the critics. And so about all the data is oneself.

I note that the following things or conditions do, by and large, kill the juices of zestful living, and reduce me to mere existing. I state the negative first, the positive to follow shortly:

Ill health.

Monotonous work with no discernible goal—such as auditing, indexing, dishwashing.

Eating poor food; eating in ugly places.

The sensation of living in ugly or uncomfortable houses.

All transit, whether by foot or on wheels, about New York City.

Being looked down upon, or laughed at (save for very minor foibles).

The bulk of all business interviews, conferences, talks —the juicelessness of the personal contact.

The defacement of natural beauty with billboards, pop stands, suburban lots, gas tanks, shacks, factories. (A factory can be made to respond to architecture as well as a skyscraper.)

Reading newspapers—save for perhaps one one-hundredth of the surface of not more than three of them.

Going to formal entertainments—particularly dinners devoted to the raising of funds for worthy causes.

Treating relatives as preferred creditors.

Wearing ugly or uncomfortable clothes as decreed by the *mores*, e.g., coats and hats for men in summer.

Shopping—with rare exceptions.

Worrying about money.

Being bored with bad plays, concerts, lectures, radios, meetings, conversations—especially the last.

Being everlastingly hustled around.

Seeing other people bored, unhappy, or in pain. Looking down mean streets and into frowsy windows.

My notebooks show scores of other conditions which take the joy out of life, but the above are the chief ones in the daily run of my activity. They consume, on the basis of a rough estimate, upwards of two-thirds of my waking hours, though the ratio shifts with the seasons, being noticeably worse in winter. The average annual ratio, furthermore, is better when living in the country the year around

than in the city. I am dead, I conclude, about two-thirds of the time.

I am alive, by and large, under the following conditions:
On encountering a vivid awareness of health.
In pursuing creative work, intellectual or manual. There are definite time limits to both.
Eating good food, drinking good wine, in comfortable places.
The sensation of living in well-designed and sunny houses.
Being looked up to and praised—but the butter must not be spread too thick.
Being with my friends.
Looking at beautiful scenery, beautiful pictures, beautiful things.
Reading great books; reading of new and stimulating ideas.
Looking at Charlie Chaplin's feet.
Swimming, diving, playing tennis, dancing, skiing, mountain climbing. Watching good sport at not too frequent intervals.
Daydreaming.
Going on spontaneous and amusing parties.
Making love spontaneously.
Wearing beautiful—not fashionable—clothes.
Collecting things. For me, certain sorts of information.
Listening to good music—especially Russian gipsy songs.
The sensation of being some paces in front of the wolf.
Home life—in fits and starts.
Kindly casual contacts with strangers.
Travel, other than for business reasons.
Keen discussion.
A good fight, not necessarily sanguinary, in what seems to be a decent cause.
The sense of being in bodily danger.

So runs the major classification of what seem to constitute the good life for me. To hold that the list is applicable to all is of course ridiculous. Yet it must serve as a starting-point for the thing we have set ourselves to define. I do not know how other people feel. Logic declares that, conditioned by the same forces that have conditioned me, other people would feel much the same, but logic is not an infallible guide in human affairs.

What kind of a community would I build to increase the count of the hours that live as against the count of the hours that die? God knows. The difficulty is that the pluses and the minuses are never clean-cut emotional states, registering faithfully at every exposure to a given condition. When one is in abounding health, even filling-station architecture is tolerable if not positively enjoyable. When one sits, like Mr. Polly, athwart a stile, with civil war in his interior, the sunset itself becomes a flat and over-estimated spectacle. There are times when the best of friends becomes a bore, when one wishes all printing presses would stop forever. Indeed, the whole concept is in the curved grip of relativity.

Nevertheless, I think that I would be appreciably more alive in a community that deliberately fostered the sorts of things enumerated on the second list; of which good health is probably the most important single factor. If it be objected that the animals are mostly healthy, I would reply that they appear to get more out of life than the majority of human beings. Fortunately the laws underlying the promotion of health are beginning to be understood. We already have the technical knowledge available to increase immeasurably bodily well-being. Here and there it is being applied, as the declining death-rate and the lengthening age span shows.

Secondly, I would like to live in a community where beauty abounded; where cities were nobly planned, industrial areas segregated; where great stretches of forest, lake, and mountain were left wild and free and close at hand; where houses and their furnishings were spare and

fine and colorful, and there was not a single billboard in a day's march. Cities and houses have been so built; nature over great (but distant) areas is still free; advertising is not a century old, despite the pious historical labors of Bruce Barton. Surely a community rich in natural beauty, rich in architecture, is no utopia. It has been repeatedly achieved, and without the vast potential assistance of mechanical power.

Thirdly, I would like to live, and to have my neighbors live, free from the fear of want. Such communities there have been, but not many of them. Peru under the Incas is said to have achieved this goal; Denmark is not far from it today. Not only is it the release of the individual which is desirable, but vastly more important the release of the whole group. As things are in America today I never know how far my own actions are ignoble by economic considerations, nor how far my neighbors and associates regard me on my own merits or as a means to a hopefully profitable end. All human relationships are poisoned with this suspicion; or cut and bruised with the frank brutality of elbowing one's way above the line of economic insecurity. This is the more lamentable in that the industrial arts have already demonstrated how utterly to abolish poverty, double—aye treble—the standard of living, produce more than enough to go around.

Fourthly, I would like to live in a community where I could do the kind of work that is the most fun. Fun for me is economic research and writing about it. If there should prove a plethora of better men in this field, I would have a lot of fun as an anthropologist, a psychologist, or a biologist. Or I might go back to my boyhood dreams of architecture. In exchange for the fun, the giving of an hour or two on the average a day to the necessary manual work of the world would seem, in anticipation at least, the merest justice. Furthermore, digging ditches, painting walls, simple carpentry would both preserve the sense of reality and serve by contrast to heighten the fun of the chosen occupation.

I would like to be able to dress as I pleased, or indeed

not to dress at all when the sun was high and the water blue. I should like to experiment with colors and combinations now rigidly proscribed for males by the folkways—save at fancy-dress balls. I should like to be able to dance more, sing more, let myself go more. Here New England dogs me like an iron shroud. I should like ampler and less hurried opportunities to play the games I enjoy. I should like to travel more; to visit the lost cities of which I dream; to climb in the Andes and the Himalayas. It does not do to turn one's back for long on the bright face of danger.

I should like to be a more compelling and less self-conscious lover, but just how a community would proceed to organize great lovers escapes me. (Here we hover at once on absurdity and on what, following health, is probably the most important factor in the good life—a balanced sexual rhythm.)

I would like to live in a world where many good books were being published—fiction, poetry, science, history, philosophy; where good plays and good music were just around the corner—without too much standing in line and too little ventilation; where good pictures were being hung; where the arts and crafts were flourishing on indigenous rather than imitative material; and particularly and especially, where good conversation abounded, together with the leisure to pursue it. Of all the joys which life has to offer none, for me, can exceed that of keen stimulating talk; and nothing is rarer in America today.

Finally, I would like to live in a community that held a genuine sense of its uniqueness; where one could take pride in community achievements, match one's art and craftsmanship and sport against a neighbor group; where one could contribute in person to the local theater, the local schools; help to plan a beautiful region and see that plan grow before one's eyes—and so take root in one's own soil, a part of the earth, earthy, as well as a dreamer in the clouds. So the Greeks must have looked back to the plains and hills and cedar trees of Attica and Laconia. Here one might have the leisure to play with children as they should

be played with; here one might bring the carnival and the pageant—with color and wine and flowers—back to meaning and to life.

Above all, leisure, leisure, a break in the remorseless and meaningless urgencies of the twentieth-century pace.

This—if you will—Utopia may be cold to you, but it is not cold to me. I can see it, feel it, aye, long for it. How would you change it to include the things for which you long? Anthropologists, you say, have yet to find a people without a well-marked religion; that need is indigenous, cardinal, and necessary to you. Good. Let us have a church with a great nave and a great organ and the sound of vespers across the evening fields. You dislike my games and want other games. Again good. The more games the better so long as we play them ourselves. You want to paint or design or build bridges. Each to his own desire, so long as the necessary work is done. You do not want to do anything. There will be a nice forest-circled, psychopathic hospital until sanity returns. You do not want roots, you want to keep on the move. Would you object to moving through communities which had abolished squalor and striven to individualize and beautify themselves?

Add what you please, so long as it does not make for ugliness or drabness or cruelty; so long as it does not quench life that the lives of a few may burn with a spurious brightness. I do not know what your desires may be, but if they make you happy and others not too unhappy, they are welcome. The question is not what is good for other people but good for you.

The preliminary definition of the good life which I have tried to outline is crude enough, but it can be used. Swing it as a searchlight where you will—on Mr. Calvin Coolidge or on Mr. Bernard Shaw; on Miss Jane Addams or on Mrs. Peaches Browning; on a soap factory, a department store, an iron mine, an advertising campaign, a prize fight, a laboratory, a best seller; swing it upon Wall Street or Main Street or Downing Street; on Denmark or on Pittsburgh—it can give basis for judgment. Would this person, or thing, or area,

be out of place in such a community? Would it clash, jar, disintegrate; or would it be welcomed and at home? The architecture of Beacon Hill would, the architecture of South Chicago would not; the Lincoln Memorial would, Park Avenue would not; Mr. Chaliapin would, Mr. Shubert would not; the Olympic games would, professional baseball would not; Mr. H. G. Wells would (very much at home he would be), Dr. Frank Crane would not. Mark for yourself the quick from the dead.

The question is not primarily what would make you happy but rather what would make you more alive. Perhaps complete Nirvana is the happiest conceivable state, but it remains at the opposite pole from vivid life. Pain, heartache, failure in achievement, failure in love, the shock of physical danger, even envy, must remain so long as we behave like human beings. Only the surplus of pain and confusion induced by stupidity would tend to disappear.

It would seem that the end of human effort upon this planet should be to give a maximum of living and a minimum of existing—the life more abundant. Against such an end, those who regard life as a gateway of mortification to a Utopia beyond the grave make their sincere protest. But it is doubtful how far that protest can continue effective in an era of wide knowledge and unlimited possibilities for technical control over nature.

Even if we can win to life ourselves, the contemplation of the existing of those over the brink about us takes, in a sensitive heart, most of the joy out of personal salvation here below. Even if democracy is not sound doctrine, and biological inferiority can be definitely established, there is no particular reason why those handicapped from the germ plasm—and who will perforce have to do most of the dirty work of the world—should not be given surroundings from which they can take the maximum of what life holds for them. Lafcadio Hearn can tell you about the ancient Japanese communities and how extraordinarily high in the sense of beauty and appreciation it has been proved possible for the mass to go.

Granting for the time being—until coal is gone, and the Ice Cap moves south again—granting that a beautiful life here and now should be the major goal of human effort, of what strands shall it be woven? How shall Mr. Mumford and his fellow-critics be appeased? The above is, if you will, a feeble and absurd beginning. But perhaps it will serve as a point of departure for the speculations of wiser men and women.

PART II

SOCIALISM IN THE LIGHT OF AMERICAN AND RUSSIAN DEVELOPMENTS

CHAPTER III

LESSONS FROM THE LAST DECADE

By Paul H. Douglas

THE developments during the last decade in both capitalistic America and in bolshevistic Russia should compel a modification of socialistic theory and practice and lead to a consideration of other problems which have hitherto been slighted. If one may speak of the lessons which these crowded ten years should have taught, I would list the following as the most important, although not necessarily in the order named.

BREAKDOWN OF CAPITALISM NOT INEVITABLE

1. *That Marx was wrong in predicting an inevitable breakdown of capitalism from purely economic causes.* The Marxian prediction of the cataclysm which was inevitably to result from the industrial reserve army, the increasing misery of the workers and increasingly catastrophic crises, was based primarily upon the labor theory of value and the tacit assumption that the quantity of variable capital (the amount expended in wages) would not increase as rapidly as the working population. As a matter of fact, however, the physical productivity per worker in American manufacturing has increased by about forty percent since 1919 and the real wages of the employed workers have gone up by no less than twenty-eight percent since 1914. Interestingly enough, Canada and the Scandinavian countries have enjoyed almost parallel increases. In countries which were not subject to the many strains of the World War, capitalism has, therefore, shown itself alert in improving the processes of production. Because of the com-

petition of the employers for laborers this has also resulted in a very large increase in the real standard of living of the wage-earners. The lot of the workers is, therefore, on the whole, getting better under capitalism rather than worse.

It may, however, be objected that, while the real wages of the workers have risen, these have not increased as fast as their productivity and that consequently the relative share which the workers receive of the product has decreased. It is undeniable that real earnings in manufacturing have not increased as rapidly as has per capita *physical* productivity. But what the worker in such a line of industry is really paid from is *not physical product* but rather *value product*.. If the output in the iron and steel industry were to double, while the price of iron and steel remained the same with all other prices doubling, then the exchange value of a unit of iron and steel would only be half of what it was previously and, despite the doubled physical output, the funds with which to pay wages, interest and profits would be no larger than before.

The relative ability of industry over a period of years to pay wages is determined, therefore, not only by the output of physical commodities but by the exchange ratio of its products as compared with all others including agriculture. When allowance is made for this, it is found that, since 1899, real wages in manufacturing have increased as rapidly as has the value product per worker, namely by approximately twenty-five percent. It is true, however, that, since 1921, the value product per worker has increased more rapidly than real earnings and wages have tended to form a smaller percentage of the total value product of manufacturing industry.

The capitalistic system has, therefore, done a great deal during the last decade to improve the material conditions of the American workers and shows great productive vitality. Socialistic arguments based upon the theory of increasing misery are consequently in direct opposition to the facts and will make no appeal to the workers. Nor can the socialist hope to make many converts by an attempted demonstration of the inevitability of the cataclysmic downfall of capitalism. The whole structure of capitalism is so solid in the United

States that the workers can properly take little stock in the prophecies of an apocalypse which will sweep it away. If socialism is to be effective, therefore, it must hold out a confident promise of a still better and more orderly economic life than that which the workers now enjoy. Moreover, since the mass of mankind will never desert on the wholesale one economic system which is working fairly well in order to adopt an entirely different one, it will be necessary for socialism to prove its way by making a success of a series of specific experiments. Barring foreign wars, its progress will, therefore, necessarily be slow. It will grow just to the extent to which in problems of hard matters of fact, it can demonstrate its superiority.

Many socialists may feel that this abandonment of the hope of an economic apocalypse is as great an injury to their dignity as that which the fundamentalists suffer in the denial of the second coming. But this should not be so. If the destiny of American socialism is not to be so heroic as it once was dreamed, it is nevertheless better adapted to the actual abilities of the socialists. The opportunity is theirs to initiate new principles and institutions within the old order and to make them successes. They cannot rest on destiny: they must trust to themselves.

2. *A characteristic of American industrial progress is that the supply of fixed capital has increased at a faster rate than the population.* From computations which I have made, the former has grown at the rate of seven percent per year compounded, while that of labor has increased by slightly less than two percent. This means that progressively more capital is being mixed with each unit of labor and that the latter is becoming more scarce in relation to the former. This naturally tends to put labor in a somewhat better position, and at least in part accounts for the increase in production and the improvement in the status of the worker.

STABILIZING THE PRICE LEVEL

3. *The unemployment which has accompanied the great increase in physical production has demonstrated the necessity for socialists to consider the problem of stabilizing the price level through controlling the supply of money and credit.* If the supply of money and credit does not increase at as rapid a rate as production, then the inevitable result* will be a fall in the price level. Enterprises which have bought raw materials and labor at one price level, will therefore be forced to sell them when made up into finished commodities at another and a lower price level. This shrinkage in prices might abolish profits and under private ownership generally leads to a curtailment of production lest a similar result should follow in the future. Even a socialistic economy might find its profits disappearing in this fashion and to protect itself would always have to issue sufficient money and credit to balance the increase in productivity and keep the price level constant.

WAR AND CAPITALISM

4. *The force which above all others may destroy capitalism is not the blind movement of economic factors, but war.* Since the capitalistic classes are generally in political control of all the industrialized countries, then it follows that in the event of an unsuccessful war, they will generally be held responsible by the mass of the people. When the military power of the state is badly shattered by defeat, a popular revolt participated in by large groups of soldiers will tend to oust the former group from power. Equalitarian standards will have been fostered by the sufferings of both the military and civilian populations and these ideas will be applied to the economic as well as to the political world. Russia is here, of course, the great example while Germany is a partial one. While the revolution in the latter country did not

* Assuming the rate of turnover of money and bank credit to be constant.

succeed in establishing socialism, it did succeed in abolishing political feudalism. Few can doubt that if the countries of Western Europe were to engage in another great war, the almost inevitable result would be mass revolts in the defeated countries and the replacement of capitalism by socialism.

NEED FOR CREATIVE PLANNING

5. *Economic evolution is not, as Karl Marx reasoned, a blind force working toward its own inevitable goal but a vis a tergo which is capable of being directed to widely varying goals.* Under the influence of Marx, socialists came to regard the future as inevitable. History was ground out from the machine of time with perfect inerrancy. The past and present formed the inexorable elements from which the future was woven. Man's will or intelligence could not alter or control the stream of events to the slightest degree. Life ran down its mechanical grooves and all that the human spirit could do was to recognize the direction of the movement and to board the train of change.

This doctrine of predestination, like that of Calvin, might logically be supposed to numb the energies of man and to lead to an oriental fatalism. But by a curious twist of human nature, it, like Calvinism, imbued its followers with a firm confidence that their lives and beliefs were in harmony with the very structure of the universe. This removed the inner doubts and uncertainties which perplex and disturb all those who regard the world as essentially planless and vagrant, and it gave a firmness of character and belief to the early socialists which enabled them to stand up under hardship and persecution and to build a mighty movement. But if this philosophy created both extraordinarily capable propagandists and devoted saints, it also induced a lack of intellectual vivacity and an unwillingness to make any plans for the coming society. Marx himself scornfully declared that he was not writing recipes for the cookshops of the future, and his followers in general absolved themselves from thinking through any plans upon which the new society was to be based, on

the ground that the revolution when it came would inevitably reveal what should be done and would dictate the courses to be followed.

This completely mechanistic philosophy of change was being undermined prior to the war by the political engineers of the Social Democratic parties who found it necessary to work with at least some immediate policies in order to conduct their electoral campaigns and to steer their course of action in the legislative bodies in which they were represented. The war and its attendant revolutions in Russia and Germany, however, administered the final *coup de grace* to this theory. When the bolshevists assumed power in November, 1917, there were few even of their number who either believed that they could retain control for any period or that they could succeed in establishing socialism on any large scale. Despite the fact that the comparatively few Russian factories were extremely large in size, the industrially undeveloped nature of the country, and the vast numerical predominance of the peasants over the city workers seemed to render a successful socialist revolution an impossibility. Kerensky, and the mensheviks had felt this so keenly that they had refused to put socialism into effect and had aimed instead at a democratic capitalism tempered by social reform. Though the bolshevists insisted that the effort to socialize must be made, they nevertheless expected ultimate failure. Lenin's goal at first was merely to stay in power longer than the Commune of 1871 and thus give the proletariat in the future a new mark at which to aim. And yet, despite internal war and the military intervention of the chief capitalistic nations of the world, after eleven years their organization is still supreme and gives every promise of continuing to be dominant for many years to come.

Nor have the bolshevists continued in power at the price of giving up their principles. Some compromises, to be sure they have been compelled to make, but they have not only nationalized manufacturing and socialized trade, but they have put control into the hands of the class-conscious workers and have kept it there.

How then has this unexpected result come to pass? Sheer

chance has played some part but the main feature has been the resolute planning and discipline of the bolshevists themselves. Almost alone among the pre-war Russian revolutionaries, the interminable discussions on method had borne their fruit. They were ready with a plan and it is significant that Lenin, when fleeing for his life in the summer of 1917, should, in the refuge of his Finnish haymow, have written out his projected course of action in his brochure, *The State and Revolution.* What saved the bolshevists was the fact that they knew their own minds and had the determination to carry their policies into effect. Lenin conceived of the state as not merely the passive reflection of the dominant economic classes but as the embodiment of force and violence. He believed that if the proletariat could once seize the state they could turn this apparatus of violence in their favor and that, by cowing the bourgeoisie and educating the young, they might create a new economic system. Despite Lenin's continuous assertion that he was merely carrying out the literal precepts of Marx, he was instead substituting the idea of a creative for that of a passive revolution.*

It was not inevitable that the communist program should win. Any one of half a dozen programs could have been adopted had their proponents possessed the courage to grant peace to the soldiers, ratify the seizure of the land by the peasant and resolutely assume power. The distress caused by the war and the agrarian and urban discontent furnished, in other words, the driving force for change of some kind but these mighty powers were susceptible of being guided to very divergent goals.

The German revolution is an instance, on the contrary, of where all the circumstances were ripe for the introduction of socialism but where the official leaders of the movement were too timid and confused to realize any of the ideals to which they had formerly pledged their devotion. In late 1918 and in 1919 all the material was at hand for the overthrow of capitalism in Germany. Here was a defeated nation,

* Max Eastman has seen this clearly in his *Marx, Lenin, and the Science of Revolution.*

betrayed and deserted by its stupid and cowardly rulers, with a population desperate from suffering and through which the fires of revolt spread as through timber in the last days of October. Here was also a large, well-disciplined, and ostensibly intelligent working class and revolutionary movement. If Lenin and his followers had succeeded in evolving socialism out of the chaos in Russia, how much more chance was there apparently in Germany? Yet it was the Germans who failed.

They failed in part because their former belief in the very inevitability of socialism had led them to shirk any detailed planning. Their great opportunity consequently found them intellectually unprepared. Added to this was the fact that their own natural timidity and their fear of communism actually made them distrustful of any attempt at thoroughgoing socialization. In the hands of such men the coming of socialism not only was not inevitable, but it was instead inevitable that it should fail. It is dangerous, therefore, for socialists to rely on a fancied inevitability. If socialism is to be realized, socialists must do detailed planning and must show daring as well as judgment in initiating their experiments.*

VALUE OF THE STATE TRUST

6. The Russian practice of creating state corporations or trusts is an invaluable administrative device which lessens many of the difficulties which would otherwise attend nationalization.

The fear of creating a powerful and cumbersome bureaucracy dominated by politicians rather than technicians prevents many from supporting nationalization. As is well

* On the other hand it must not be forgotten that Germany was much nearer the powerful allied countries then in the hands of conservative governments than was Russia, and could be subjected to a far more powerful pressure, military and financial, in case of a communist revolution than could the Soviet Republic to the east. The social democrats also feared, rightly or wrongly, that the Allies would subject German industry in public hands to heavier burdens than would be the case if these industries remained in private possession during the controversy over reparations.—[The Editors.]

known, Russia has created some 500 state trusts of varying sizes which actually carry on the work of manufacturing and mining. The governing boards of these trusts are appointed by the Supreme Council of National Economy and the boards in turn appoint the managers of the specific plants. The general policies as regards prices, fixed capital, etc., are determined by the Supreme Council. The trusts, however, purchase the raw materials, borrow from banks, fix wages in conjunction with the trade unions, carry on production and sell the product. They are held up to the money test of making profits and if they fail they are subject to examination by the Supreme Council. Considerations of public policy may cause the Supreme Council to fix the price of the product in some cases at so low a figure as to make profits impossible. But equal pressure will still be exerted to keep costs down. Minimum quotas of production and maximum unit costs are in turn fixed by the trusts for the separate factories and the managers are held strictly responsible for results. Managers who greatly reduce unit costs and make a success of their work are promoted to more responsible positions, although not necessarily to a higher salary. It has been possible in this way to infuse the managerial staff with a real zeal for efficiency and to avoid the ever-present danger of their contenting themselves with the consolation that even if they fail to show a profit the government, from its plentiful purse, can foot the bills. Administration is, moreover, decentralized into manageable units and a closer degree of supervision and responsibility achieved.

If and when the power and the coal industries of this country are nationalized, similar administrative devices would greatly improve the efficiency of production. Our government indeed discovered this during the war when it created such government corporations as the Emergency Fleet Corporation, the Railway Administration, the Grain Corporation, etc. The governing boards of these new state corporations should be made up not only of representatives of the government but also of the technicians, workers and consumers.

SOME INEQUALITY OF REMUNERATION NECESSARY

7. The wage system under socialism should provide for moderate differences in wages as between important differences in skill and arduousness and piece-rates should be introduced as widely as possible.

One of the reasons for the rapid recovery of Russian industry after the collapse of military communism was the replacement of the previous virtually uniform wage by a wage rate with seventeen categories. In this new wage "net" the highest category received eight times the wage of the lowest. Workers are thus given a material inducement both to raise themselves to a higher category and to prevent their falling to a lower. Payment by results was also enthusiastically adopted and two-thirds of the workers in manufacturing and three-quarters of those in the building trades are now paid by piece-rates. These are set for each establishment by the union shop committee and the management who agree on a "norm" of output for each operation which is usually slightly higher than the average output. This is then used as the denominator with which to divide the established hourly rate. The resulting piece-rate gives an incentive to output which has helped to raise Russian productivity above its pre-war level.

Many idealists will undoubtedly object to this apparent concession to the acquisitive spirit and will urge that, since men should work for the general good, they should be paid equally. But while most men can rise to heights of great devotion at moments in their lives and while a few may even maintain this attitude throughout, it seems probable that the great mass of mankind cannot permanently give of its best if denied the hope of economic reward. Socialism will strengthen the altruistic and creative impulses in man but architects of the new society should beware of over-estimating the strength of the human material out of which it must be built and, like good structural engineers, should not expose it to stresses and strains which it cannot withstand. Ultimately equality of payment may perhaps be achieved but

until the success of the new régime is assured, those whose output is greater should be given higher daily earnings.

NEEDED — A MODIFIED PRICE SYSTEM

8. *The price system can largely be used to determine what shall be produced. This should be tempered, however, by considerations of social policy.* What makes market demand so largely unreliable at present as a measure of social necessity is the great inequality of incomes. Even the most trifling desires of the millionaire are, therefore, backed up by more purchasing power than the urgent human needs of the manual worker. Business is, therefore, stimulated to produce luxuries for the wealthy before the necessities of the poor have been satisfied. We thus have the cruel spectacle of an economic system which turns its energies towards Park Avenue and its host of lesser counterparts at the very time when multitudes of children still lack milk and adequate clothing and shelter.

Under socialism these inequalities of income would largely be abolished. The minimum would be raised and the maximum so drastically reduced that it probably would not be more than eight or ten times the former instead of as today a hundred or a thousand times more. This leveling of incomes would tend to make the monetary demand as between individuals measure much more nearly equal units of desire. The relative amounts which people would pay for different commodities might then be accepted as fairly close approximations to the relative intensities of their desires.

The economic general staff will, therefore, be provided with a barometer in the form of the relative prices which consumers will pay for commodities. These will furnish a guide as to what commodities are most desired. Consumers' goods should in the main be furnished to the public according to these relative intensities of desire rather than according to the ideas of the general staff as to what is best for people to consume. A much greater degree of freedom would thus be given to the people than if some form of rationing were

practised and the danger of bureaucracy would be still further reduced.

But since production is carried on in anticipation of demand, it would be necessary to have the economic general staff which has been referred to, fix quotas for each industry and tentatively apportion raw materials and labor to the various uses. Russia, as is well known, has created such agencies in its Supreme Council of National Economy and the Gosplan* (State Planning Commission). Judging from the experience of Russia, one important and hitherto somewhat unforeseen problem is likely to develop. If the economic general staff merely fixes prices *to* the wholesale or retail agencies and permits the latter to charge what they will, then in those cases where the quantity of consumers' goods produced is less than what would be demanded at the normal price which the consumers would pay under such conditions, a bidding up of price on the part of the consumers will take place which will apportion the goods among those who desire them most but which, because of the higher prices paid, will net large profits to the distributing agencies. This in itself points to the necessity of having the major portion of distribution in the hands of socialized (although not necessarily governmentalized) agencies which may catch at least the major portion of these surpluses for the common benefit and not permit them to accrue in full to private traders.

If, however, prices are fixed to the consumers as well, then, on these commodities for which the quantity demanded at those prices has been underestimated, the price system will not of itself adjust the quantity demanded to that supply. This will necessitate the use of some form of rationing of the goods to the consumer and of limiting the quantity which any one person can buy. If a shortage still exists, the goods may be sold subject to such limitation, on the basis of first come, first served. If the disparity between the quantities

* See Stuart Chase's essay in *Soviet Russia in the Second Decade* and the paper read by Professor Raymond Bye at the December, 1928, meeting of the American Economic Association published in the Supplement to the *American Economic Review* for March, 1929.

supplied and demanded at the given prices is appreciable, then queues of prospective purchasers will inevitably form in front of such stores as they now do for theatrical performances when more people want to attend than can be seated. Since some persons will be willing to pay more than the fixed price in order to save time in the queue and to be certain of their purchases, private traders will bootleg goods from the socialistic price system and sell them at appreciably higher sums. Individual purchasers of the goods under the socialistic price structure will also be tempted to resell to private traders at higher figures and many will in fact do so. As long as this discrepancy between the quantities supplied and demanded under socialism at given prices continues, then a capitalistic price system can be expected to develop for the same commodities alongside the socialistic system.

Precisely such developments have occurred in Russia and will inevitably occur elsewhere in similar circumstances. The remedy for such a situation lies, of course, in so increasing the production of these goods as to make the quantities supplied and demanded roughly equate at the prices fixed. But precise approximations will be virtually impossible to effect and some speculative profits will necessarily accrue, even under a planned economy, to private traders.

In those cases where the general staff has over-estimated the quantity which will be demanded at a given price, the expense of the unsold stock will have to be borne either by the distributive or the manufacturing agencies or by both. It will generally be better to lower the prices of these articles in order to clear the shelves of them and to take a loss rather than have the goods unused with a probable greater total loss. But if the prices are slashed in order to dispose of these articles, it will also be necessary to compensate for these losses by permitting some increase in the prices of those goods for which there is a shortage. These considerations point, therefore, to the ultimate inadvisability of "freezing" the prices to the consumers and, instead, of allowing the various intensities of desire as expressed in terms of money offers to fix the retail prices. Relative profit margins will, therefore,

determine what lines of consumers' goods are most in need of expansion.

In many instances, however, it may be socially advisable to sell some goods at cost or even less and to build up some industries which, at least in the beginning, are not economically self-supporting. This may be especially true of beneficial services for which the public does not immediately develop a strong desire. Music, the theater, the opera and ballet, and medicine, are obvious examples which come to our minds. In some cases these services might be made completely free but in general the payment of a small fee would be desirable in order to prevent the consumer from accepting them as a matter of course and in order to arouse his personal interest.

A socialist commonwealth in the midst of a world dominated by private enterprise may well desire to be industrially self-sufficient so that it may defend itself in the event that the other nations make war upon it. It may, therefore, properly produce some commodities at a higher cost than they could be manufactured by foreign firms but this excess should be known and treated as an outright subsidy. Infant industries may also be helped over the transitional period but here again the costs should be recognized and faced.

ACCUMULATING CAPITAL UNDER SOCIALISM

9. *A liberal provision should be made for the annual investment of large sums of fixed capital and this should be drawn from the profits of industry, from personal savings and in some cases from state taxes.*

Socialism can only ultimately supplant capitalism if it gives a better life to the vast majority of the people. Since economic goods furnish the material basis for the good life and are indeed regarded by many as being synonymous with it, the socialist society must turn out at least as great and, if possible, an even greater volume of goods than the capitalistic. To do this, it must constantly add to its supply of machinery and equipment and must be ever ready to intro-

duce new and improved devices. The annual rate of growth of fixed capital in Western Europe has been estimated by Gustav Cassel at three percent, while from studies which I have made for the United States, the growth here has been as stated at the rate of approximately seven percent. The socialistic system must, at least in the beginning, save as much. In order to build up new and backward industries and to provide for those which produce capital goods, some pooling of the profits of the various trusts is necessary. In Russia approximately half of the profits of each trust are pooled in a general fund which has largely been used to build up the "heavy" industries of coal, iron, steel, and machine manufacture. The remaining half is retained by the industry for its own uses and one-fifth of this, or ten percent of the total, is used for welfare purposes. Because of the great shortage of housing, these latter sums have been almost entirely used for this purpose.

It is thus possible to prevent that over-investment of capital in a given line of business which so frequently results under capitalistic economy from the ploughing back of profits and instead to distribute the profits over the field of industry as a whole.

Such provisions as these will largely solve the problem of saving under socialism if prices are set at such figures as to enable these savings to be made. It may also at times be advisable for the industries to float bond issues to be taken up by public subscription. These can and should bear interest. But any tendency to create a permanent leisured class from such issues will be defeated by the fact that the profits will primarily be in the hands of the socialized agencies rather than of individuals, while progressive income and inheritance taxes can prevent private fortunes from multiplying or even continuing.

THE PLACE OF VOLUNTARY COOPERATION

10. *It is highly necessary to create powerful voluntary organizations within the socialist state which will protect workers, consumers and farmers, from potential bureaucracy,*

which will represent the economic interests of these groups and which will also perform some affirmative economic functions.

During the period of military communism in Russia, the trade unions and the cooperatives were nationalized. Membership in them was compulsory and they were merely organs of the state. It was one of the merits of the new economic policy that, despite the protests of Trotsky, they were placed upon a voluntary basis and given the power of representing their members. The trade unions are thus able to bargain collectively with the Gosplan and the Supreme Economic Council in fixing the average wage increase and themselves to apportion how this total increase is to be distributed between the different industries and classes of labor. They also fix, in agreement with the factory management, the norm of production to be used for piece-rate workers and act as a body of appeal on cases of wage classification, discipline, discharge, etc. They thus protect the individual against the possible tyranny of the management and, in return, assist in stimulating their members to help increase production.

The consumers' cooperatives, which by now handle nearly half the retail trade of the country, have taken a great load off the shoulders of the state in managing the major problems of distribution. A wider participation by the consumers in economic problems is thus secured and a live interest kindled. The farmers' cooperatives have also been of assistance in grinding wheat and in marketing some of the crops while the associations of Kustarni, or handicraftsmen, have also facilitated the sale of these hand-made products.

There are now few in Russia who would wish to make these agencies rigid national organs, as Trotsky advocated in 1921 and 1922, and instead the idea of voluntary socialized organizations within the state has steadily increased in strength.

UNIFYING DIVERGENT INTERESTS

11. *The creation both of numerous state trusts and of such voluntary organizations creates, however, the possibility of a conflict of policies.*

Thus the trade unionists may naturally desire to absorb most of the profits by increasing wages while the trusts may well wish to retain them in order to increase their capital equipment. The cooperatives will want low prices at the factory in order that the margin to their members may be as large as possible. The trusts, on the other hand, will want to have prices at the factory form as large a percentage as possible of the final prices to the consumer. If the trade unions and cooperatives were outside state control, such conflicts of interest might well lead to deadlocks, to strikes, and to a serious impairment of production. Within the system of state trusts itself, we would, moreover, find the prosperous groups reluctant to give up a large slice of their profits to industry as a whole and frequently attempting, as in Russia, to conceal such profits by ploughing them back in the form of fresh capital investments but so disguised as nominally to appear to be allowances for depreciation.

Socialists have in the past attempted to brush aside such difficulties with the assertion that under socialism men will have such a passion for the success of the venture as a whole that they will not push their own narrow interests. Such regard for the general well-being is of course not only desirable but highly essential, but if there is not a unifying organization, the greater intensity of local as compared with general interests will lead almost inevitably to a great deal of waste and friction. Some of this conflict is probably inevitable as long as we retain the ideal of voluntary association and must be accepted as part of the price of freedom. Much of it could, however, be removed by the organization of the most active members of the new society into a fellowship, or party, which would work out within itself a common policy. These policies would then be accepted by the members who, as members both of the state and of the voluntary agencies, would

work for their adoption. This is indeed at present one of the chief functions of the Communist party in Russia. Once the decisions of that party are made, they are not only carried into the state organs but also into the unions and cooperatives. Were it not for this program, which is coherent at any one moment of time, it is quite possible that the divisive influence of industrial and group interest might break down the solidarity of the socialist society. The party, however, furnishes the unifying influence which is needed to bring the various institutions into rough harmony with each other. It has been this desire to secure economic unity as well as the fear of bourgeois control which has led the communists to continue their period of dictatorship. Just as the American business man will not tolerate from any other group opposition to his business policies, so the communists will not brook the existence of any other groups with conflicting philosophies from theirs lest the delicately interlocked mechanism of a controlled economy should thereby be thrown out of gear.

One of the great tasks for a socialistic society to accomplish will be to guarantee full freedom of opinion, discussion and agitation and yet bind together into a fraternal unity economic and social institutions. There is thus a need for the vigorous, devoted, and self-critical association of the leaders in the new society into a cohesive party or fellowship. This was not foreseen by the earlier socialist theoreticians but has been abundantly demonstrated by the Russian revolution.

POLITICAL LEADERSHIP AND THE SIMPLE LIFE

12. *The members of this fellowship or dominant party must resolutely refuse to accept any special economic privileges and must live a simple, non-luxurious life upon an appreciably lower scale than that enjoyed by men of equal ability who are not members of the party.*

One of the reasons why the communists have been able to retain control in Russia is because the workers and peasants have become convinced, from observation, that the vast majority of communists are not trying to obtain a soft life for

themselves. No communist, however high his station, can receive more than $113 a month and in most cases the limit is $100 or even less. A skilled technician can, therefore, receive more if he does not become a communist than if he does. Communists are in addition liable for special assessments, for a heavy program of organizational work, and can be sent anywhere at the will of the party. Much as they would writhe under such an appellation, they are thus in a sense economic Franciscans. This gives a moral prestige to them and to their faith which would be totally lacking if they had feathered their own nests.

The leaders of the socialist movement cannot expect to ride into socialism in luxurious motors. They cannot even live on what would now be a middle class income. Parlor socialists and trade union officials, for example, must expect, and if they are sincere, should welcome, a very large diminution of income. They can only obtain the loyal support and confidence of the workers if they live as the workers and experience in their lives as consumers and citizens the same difficulties which the great mass of mankind must suffer.

We come, therefore, to a conclusion very similar to that of Plato. The men who are to be the spearheads for the new society must divest themselves of economic privilege and govern for the good of society. In the midst of an externally socialized society, they are to be the saints as well as the men of action who with their lives will demonstrate the reality of this ideal and will stimulate the great mass of men to a fuller appreciation of what the common good involves.

AGRICULTURE AND INDIVIDUAL ENTERPRISE

13. *Agriculture must for a long time be carried on by individual enterprise, although this may be tempered and sweetened by the development of cooperative institutions.*

The attempts to socialize agriculture through gigantic state farms failed in Russia and there is every prospect that they will fail wherever they are tried. Supervision is much more difficult on a large farm than in a large factory. This means

that the most efficient productive unit is much smaller in agriculture than in industry. Since the ratio of wage-earners to entrepreneurs will, therefore, be much less in the country than in the city, it follows that the incentive of individual enterprise, namely, reaping what one sows, will be correspondingly greater. It is only because such incentives have broken down in modern industry that it may be possible to replace capitalism there by socialism without injury to production. As long as the old incentives continue strong in agriculture, men will prefer to operate their farms privately.

Even where large estates have previously prevailed as in Mexico, Hungary and Eastern Europe, the landless peasants have always sought salvation not by trying to nationalize the land and become state employes, but by attempting to break the latifundia up into small holdings in order to enable each peasant to obtain his "five acres and a cow". While the city proletariat has turned to socialism, the agricultural proletariat has, on the contrary, turned to a wider distribution of private property. This follows from the fact that it is very easy to subdivide an estate so that each family may have its few acres upon which it can stand independently. A factory is, however, an organic unit like Solomon's child, which it is impossible to divide into individual parts. If the workers there are to attain freedom and independence, it must be through the socialization of industry and not from a re-establishment of the ownership of each machine by the individual worker who directs it.

A realization of these fundamental differences should reconcile urban socialists to the fact that agriculture and rural life in general must for long years to come be conducted on the basis of private property and individual enterprise. But this individualism need not be as fiercely predatory and wastefully competitive as has been the case with individualistic capitalism in our industrial system. Denmark has here pointed the way. While the farmers carry on their actual productive work on the farm as individuals, they combine together to run dairies and slaughter-houses and to market cooperatively their butter, their bacon and their eggs. Credit is furnished

by cooperative banks, and education and cultural life stimulated by the folk high schools. The result is a socialized society which understands the economic problems with which it deals and which has acquired the qualities of mind and spirit which are needed if men and women are to work together effectively.

The rural life of the future will, in all probability, be built along such lines as these rather than in making the countryside merely the replica of the city. Despite the differing forms which the organization of economic life will take in country and in city, if the members of each group are truly cultured, the inevitable conflicts of interest can be peacefully and even harmoniously resolved.

DICTATORSHIP VS. DEMOCRACY

14. I have reserved for the last the most important question of all; namely, that which in the past decade has split the socialistic movement of the world into the two camps of communists and social democrats. *This is whether socialism can be obtained by the process of political democracy or whether the hold of the capitalist class is so strong that, even though socialism is preferable, it will be impossible to get it adopted by the state through peaceful means.* The control over industry and over at least seventy percent of the surplus income above the minimum of comfort level is held at present by less than two percent of the population. Harrington in his *Oceana* long ago pointed out that he who was the bread-giver was the lawmaker and that if a man feeds a people they are his serfs. The control of surplus income gives to the capitalists tremendous power over the sources of information and education. The press is owned by them. The schools, the colleges and the churches are all too responsive to the prejudices and economic interests of those who hold control over the purse-strings and in their economic and social teaching they are predominantly agencies of propaganda for the present dominant class. This is not so much the result of a deliberate abandonment of their true function as institutions

of truth-seeking as passive adaptations to the secular ideas of property and power which dominate middle class society. It is thus extremely difficult to have proposals for social reconstruction considered on their merits. The very people who might be expected to profit from them approach the issues instead with a hardened and prejudiced mind-set which has been inculcated and fostered by the very institutions which are supposed to develop open-mindedness and human sympathy. They are the prey of artificial propaganda which is pumped out by agencies of misinformation.

If here and there individuals come honestly to the conclusion that changes in the social order should be made, then immediately the flood-gates of economic and social pressure are turned loose upon them. They are likely to be discharged from their jobs and frequently are black-listed. They are held up to social scorn and obloquy as malefactors and enemies of society. The result is that the discussion of experiments in industry and in politics does not take place in that rarified atmosphere of open-minded deliberation which breathes through the pages of John Stuart Mill, and which he all too often implicitly assumed as the medium in which democracy would work. Instead passion, prejudice, and the heavy hand of economic coercion are all marshaled against those who try to convince men that their interests should lead them to socialize industry.

Socialism might, therefore, be superior to capitalism and yet still fail to prevail. The assumption that the truth always conquers is one of those fictions which lovers of democracy have repeated so often that they have been convinced of its validity, despite the fact that the experience of all history abundantly demonstrates it either to be false, or, if true, true frequently only in terms of an almost cosmic sweep of time. Those who suffer under economic injustice and the ardent lovers of a new society are not willing to wait until eternity changes its aspect. Resenting the tactics of the opposition, many of them will be tempted to pit physical force against the economic forces of the owners of capitalism and to try to take their kingdom of heaven by storm. The communists,

of course, not only point out that a revolt is inevitable but urge it as desirable.

In the second place, the communists predict that even though socialism were to win at the polls, the capitalist and governing classes would refuse to turn over the machinery of government peacefully and would instead organize a fascist movement to maintain their position by force. The higher ranks of the civil service, it is said, would sabotage any attempt at socialization and the army and the navy would obey the capitalists rather than the elected socialists. The middle classes would arm and the working classes would in self defense be driven to fight for the rights which they had supposedly won at the polls. The communists charge, therefore, that the present governing classes will respect the verdict of democracy only so long as it is favorable to them but that they will fight to overthrow the government when it seriously menaces their economic and social position.

Time alone can tell whether these prophecies of the communists will be borne out. Lovers of democracy and of peace can only hope that the new social order may peacefully come into existence as the culmination of a process of education, discussion and balloting. Certainly every effort should be made and every possibility exhausted to effect this result. The peaceful introduction of the new society would be so much preferable to civil struggle that it is almost criminal lightly to abandon the political method in favor of a forcible revolution.

Communists, moreover, dismiss altogether too summarily two very weighty objections to the tactics and ultimate efficacy of their program. The first, which deals only with the question of whether they can succeed in capturing power, is the natural query as to how they can take power by force when they cannot do so by the ballot. If the capitalists are as strong as the communists declare them to be and if the majority of the working class as apathetic and weak-spirited as they assume, is there any likelihood that a plebescite of force would be any more favorable to the cause of socialism than a plebescite of votes?

The communists would undoubtedly reply to this that, while the majority of workers might be too apathetic to vote socialism in, they would also not take up arms to prevent its installation. They, like Mussolini and the fascists, believe in the fundamental assumption of Sorel that the great mass of mankind are essentially sheep who will not assert themselves and who can instead be driven by a militant and dominant minority as the latter desire. They declare that the majority cannot be depended upon to take intelligent control over their collective lives and that the choice is simply between their being controlled by the capitalists for the benefit of the latter or by the class-conscious minority of the working class for the benefit of the group as a whole. The revolution, they assert, will not be a struggle between the communists and their sympathizers as opposed to all the rest of society but merely between the former and the capitalists and their paid retainers. The great mass of the people, they believe, will be like the women in primitive societies who, as long as nothing abrupt intervened, continued as the wives and slaves of their masters but who suffered themselves to be borne away by victorious enemies of their tribe without any deep resistance.

But such an answer as this greatly understates the resistance which the capitalistic system would put up against its forcible abolition. The October revolution only succeeded in Russia because the landed gentry and bourgeois classes were both few and in the main incompetent. The Russian landlords did not understand the technique of scientific farming and wasted in the cities and in Western Europe the income from their estates, while Russian manufacturing was predominantly owned by foreign capital and run by hired managers. Thus both agriculture and industry were in the hands of the absentees. This absence of a strong bourgeois class to bolster up the decaying feudal system made it possible for the bolshevists originally to topple over the Kerensky régime. To consolidate their power against the various white insurrections cost Russia, however, probably close to a million lives and indeed resulted favorably to them only by what must now be seen to be a most extraordinary stroke of luck.

If this were the price in Russia for a narrowly won victory, how much greater would be the cost and how much less the chances of success in the countries of Western Europe and in the United States? The capitalistic classes here are numerous, while the professions, managerial employes, small traders, and small business men are quite firmly loyal to the economic system which has given them such privileges. These men are not supine; they are competent and energetic and if their position were seriously threatened by force they would fight with a savage remorselessness. Underneath the pleasant social manners of the upper middle class in Europe and America lies a readiness to use violence without stint or limit, to maintain themselves. This is seldom involved because it is not necessary and the good breeding of polite society is thereby permitted to continue. If the communists were, however, to take up or even to threaten to take up arms against this bourgeoisie, the whole machinery not only of government but of the powerful associations of employers would immediately be thrown against them. The inevitable result in Western Europe and America would, therefore, be the bloody defeat of the communist forces unless, as has been stated, the country were thoroughly demoralized by a disastrous foreign war. But even if the communists were to seize power, their work of government would inevitably be poisoned by the methods used in attaining it. Their opponents would naturally be driven to resort to that same method of violent revolution which the communists had embraced. The communists would, therefore, need constantly to be on their guard against an armed uprising led by those who had enjoyed greater economic and social privileges under the former régime. They would, moreover, suspect such revolts even when not planned and the inevitable result would be the permeation of society by a state system of espionage and the ruthless use of terror as a means of intimidation. Such an atmosphere of suspicion and suppression would go far to vitiate the very spirit of cooperative fellowship which the communists hope to engender by running the industries and government of a country for the benefit of the common man.

The disdain which the communists have for the intelligence and courage of the majority leads them, moreover, to keep power in the hands of their aggressive minority. Their venture seems to them the supreme value and they are naturally unwilling to entrust it to that amorphous mass of people who did nothing to bring it into being. Only those who have sacrificed themselves for the new society are adjudged worthy of directing it. They will govern and work for the benefit of the people but not allow the latter to participate in the ultimate decisions of policy. In short they will hold on to power for themselves.

Unfortunately power is as subtly corrupting as wealth. Men indeed now struggle primarily for wealth because it is so largely synonomous with power. Those who exercise great authority come almost inevitably to regard themselves as super-men who are above the law and become callous to the desires and emotions of those who are expected meekly to obey. Sycophancy inevitably grows up around the leaders since this seems to ambitious young men and women the speediest way to acquire influence. It becomes increasingly difficult, therefore, for the Sanhedrin at the top to sense the real wishes and opinions of those beneath and the ultimate decisions tend to diverge more and more from the realities of the situation.

The passage of time will, moreover, bring to the fore a new generation which was not schooled and disciplined in the hard struggle to give birth to the new society. Much can be done to create adequate substitutes for this by a highly socialized system of education, the organization of the youth into bodies for sacrificial service, by a rigid limitation of incomes and by the periodic purging of the party of those who are quite palpably career-seekers. But it will be impossible to detect all of those who will worm their way into positions of dominance for the mere sake of exercising power. The almost inevitable consequence would seem to be the ultimate creation of a hierarchy which, in its pride and callousness, would bear little resemblance to those self-sacrificing spirits who initiated it.

The history of hierarchical religious sects furnishes eloquent testimony to this tendency. The early bishops of Rome were men conspicuous for their piety, loving-kindness and simplicity of life, but the apostolic succession fell upon followers of so much coarser clay that by the fifteenth, sixteenth and seventeenth century the papacy was in the hands of men like Alexander the Sixth who, in their lives of haughty pride, cruelty and sexual abandon gave the lie to the noble principles of the founder of that religion whose chief representatives they claimed to be. Every order, moreover, which arose within that church for the purpose of reforming it came to nearly a similar end, and the pure spirit of the humble St. Francis was succeeded by the luxury-loving ostentation of his nominal followers.

Nor has this tendency been confined to the Catholic church. It may also be observed in many oligarchical Protestant denominations. Thus the men who founded and fostered Methodism in this country, notably Whitefield and Asbury, were worthy exemplars of that rich faith in the divinity of the common man which Methodism proclaimed. But a close view of the present generation of Methodist bishops, district superintendents and presiding elders, discloses a hierarchy which, taken in the large, is not seriously libelled by Sinclair Lewis' *Elmer Gantry*.

The truth of the matter is that, wherever men are removed from the bracing necessity of submitting their acts and policies to the approval of the great mass in whose behalf they are supposed to be laboring, they tend to degenerate. Many hypocrites and demagogues manage to seduce the public for a time but there is a gradual tendency to eliminate them. The knowledge that they must secure popular support makes leaders more solicitous than they otherwise would be to further the real interests of those upon whose approval their continuance in office depends.

For these reasons, the democratic way of life is ultimately the best method of obtaining good government while, as John Stuart Mill long ago pointed out, it is also the most effective means of raising the level of civic intelligence.

Most communists would probably admit the essential validity of these conclusions and would assert that such are indeed their ultimate aims. When the new system has been once firmly established, when the danger of foreign invasion has been removed, and when a new generation has come into being transformed by the social ideals which they expect to course through both education and industry, then they declare that the dictatorship of the Communist party will be removed and other groups and ideas will be allowed an opportunity to command the support of the people. But this is too roseate a view. Just as no class as such has ever voluntarily relinquished economic power so has no class ever freely given up political power. The communists can only be expected to cling to power and to delay as long as possible the coming of the true democracy.

If the democratic way is the goal toward which society should strive, it would also seem in the long run to be the most effective means of attaining it. Research, argument and discussion ultimately have an effect upon public opinion, even in a plutocratic society. Experiment and example are even more persuasive. Large groups of the middle and professional classes and even a few of the economic oligarchy can be won over to the new society if the situation is not wrenched by an attempt at a violent revolution. Still further experience both in the conduct of industry and of government can be gained which will lessen the difficulties of the transition by building up a group of socially-minded but capable administrators. Progress may seem to be slow but ultimately it may prove far more certain, than if the methods of the communists were used.

The forces working for a socialist society should, therefore, follow the democratic method for as long as it is humanly possible. If, despite all these efforts, violence is finally used, it should not originate with them but with their opponents. If the defenders of the old order take up arms to preserve their economic position and to prevent economic democracy from coming into being through the processes of political democracy, then they will quite certainly estrange

a considerable body of opinion which believes that the minority should obey the decisions of the majority. The workmen attacked in this fashion would naturally resist, since the doctrine of complete non-resistance cannot be expected to gain any greater headway among their number than among any other class of society. But the possessing classes would weaken their position by their violent action and would enable the transition to be made with far less destruction than would be the case if the socialists were themselves to take the aggressive. For in a society trained in democratic procedure, the aggressor in the case of civil war puts himself ultimately at a disadvantage. It is the group which fights only in self-defence and then to carry out what would otherwise be the popular decision of political democracy, which commands the ultimate advantage.

Finally, just to the extent that the educational work for the new society had in previous years been done with accuracy and with human appeal, would the violence of the resistance offered by the recipients of large incomes from rent and interest be lessened. Thus the writings and example of Tolstoi and the propagandist work of the Social Democratic party made many of the possessing and professional classes in Russia dubious of the legitimacy of their position and rendered them little disposed to maintain themselves by force of arms. Thus, even though the present dominant classes should by their violent and aggressive action prevent the transition from being made purely according to the pattern of political democracy, the previous use of democratic methods would enormously lessen the pain of the transition.

Since the democratic way is, therefore, more effective and more humane both as an end and as a means, it follows that the socialist movement should resist the temptation to resort to methods which may seem immediately to be more effective but which ultimately would be disastrous.

PART III

TACTICS AND NEXT STEPS

CHAPTER IV

ROADS TO LABOR OR SOCIALIST CONTROL

HOW will socialist or labor control be brought about —through peaceful action, political, labor union, cooperative and educational—or through the *coup d'etat* method and violence? What tactics should socialists adopt at the present time in America in an effort to lead the masses toward labor control and a new social order? These questions are problems which have been discussed in socialist and communist circles for many years past. They are discussed from varying angles in the following vital and stimulating papers.

AN INTERPRETATION OF MARXIAN TACTICS

By Morris Hillquit*

The philosophy of Karl Marx furnishes the theoretical basis of most of the modern socialist movement and has powerfully influenced its course of development. Yet socialism is not synonymous with Marxism.

Marx did not originate the socialist philosophy nor did he create the socialist movement. The idea of political and economic equality is as old as human thought. It runs through philosophic concepts beginning with Plato and through religious teachings since Christ.

The organized socialist movements of the French schools, from Babeuf to Fourier, the English Owenites and the German followers of Wilhelm Weitling antedate the first organization of Marxian socialists, the Communist League.

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But Karl Marx was the first to remove socialism from the sphere of mere philosophic speculation, religious vision or ethical concept and to plant it on the solid ground of practical politics.

The fundamental difference between Marxism and the earlier socialist schools is that while the latter view socialism as an ideal equally valid in all times and places, Marx conceives of it as a distinct phase of modern civilization.

The socialist program contemplates the socialization of the basic industries, and it is one of the cardinal tenets of the Marxian philosophy that the material conditions for the realization of that program did not exist before the modern or capitalist era ushered in by the Industrial Revolution.

In this view the individualistic and competitive system of wealth production paves the way for a socialist system of collective ownership and operation of the industrial processes and instrumentalities. No socialist state is possible without a full antecedent capitalist development, and conversely, when a country has reached a state of capitalist maturity socialist transformation becomes possible and in the long run inevitable.

The Marxian philosophy is by no means rigid and doctrinaire. It has been subject to constant evolution and modification.

The Marxism of 1928 is not the Marxism of 1848. During the eighty years that have elapsed since the first formulation of the theory in the famous *Communist Manifesto* some of its tenets and postulates have been limited, developed and changed by Karl Marx himself, by his faithful collaborator, Frederick Engels, and by a host of interpreters and disciples, or corrected by the industrial and political developments of the times.

The guiding thoughts of the *Communist Manifesto* may be summed up as follows:

The ever changing forms of social organization in human society are not fashioned by arbitrary design, but are determined by the changing mode of wealth production. The modern system of production is the system of capitalism,

which is characterized by mass production, the factory system and by the separation of the worker from his tool. Under this system industrial society tends to a division into two main interest groups or classes: the capitalists or "bourgeois," who own the sources and instruments of wealth production and appropriate the profits of the industrial process, and the modern workers, "proletarians," without property or tools, who are compelled to work for wages, to "sell themselves piecemeal" to the capitalists as a commodity.

Between the two classes there is not merely a lack of mutual understanding and fair dealing, but an inherent and irrepressible conflict of interest, which results in an uninterrupted struggle, open or hidden.

The history of our time is shaped by the struggles between the bourgeoisie and the proletariat, as all recorded history in the past has been one of class struggles.

WORKING-CLASS ORGANIZATION

In this struggle the workers have the advantage of steadily increasing numbers. Their ranks are reinforced, not only by migration from the village to the city, from the field to the factory, but also by the progressive displacement of small independent producers and traders, who are compelled to seek employment in the service of large capitalist concerns. These growing masses of industrial workers are, moreover, being organized almost automatically by the very processes of capitalist production. Unlike any dependent class of the past, they are brought together in large numbers for common work in the factories, mills and mines, and thrown into close association and contact by the uniformity of their daily lives and interests. The possibility of an organized struggle of the working class against the employing class is thus developed; the basis of a political socialist movement is thus created.

But while the victory of every new class in the past has entailed the subjugation of another class, the victory of the industrial working class must inevitably result in the freedom of human society as a whole. Dependence in modern

society is primarily economic. The working class can free itself from such economic dependence only by abolishing the private ownership in the means of wealth production and making them the common property of society as a whole, thus abolishing all classes and removing all causes for class struggles. The struggle of the modern workers is therefore a struggle for the emancipation of the whole human race.

When the *Communist Manifesto* was written the modern régime was in its infancy. Universal suffrage and social legislation were things practically unknown and parliamentary government hardly existed outside England. From the socialist point of view there was little worth preserving in the prevailing social order and there was practically no method for the accomplishment of radical political and economic changes except violent revolution. The belief in the ultimate necessity of a violent overthrow of the existing social order was therefore an accepted tenet of the early Marxian creed.

But the Marxian belief in violence as a method for the accomplishment of the social revolution did not spring from a predilection for violence as such. Marx never had any faith in the efficacy of violence to create new social or economic conditions. In sharp contrast to the anarchist views, he held that no system can be forcibly abolished so long as it retains economic vitality and before it has exhausted all its possibilities of growth and expansion. As far back as 1859 he wrote: "No social order ever disappears before all the productive forces for which there is room in it have been developed; and new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society." (Introduction to *A Contribution to the Critique of Political Economy.*)

The Marxian philosophy is essentially evolutionary and the Marxian program predicates a victory of the socialist movement on its support by a majority of the people. In fact, the role which Marx attributed to violence as "the midwife of every old society when it is pregnant with a new one" was nothing more than the expression of a somewhat fatal-

istic conviction that the ruling classes would in no circumstances peacefully surrender their privileges and that they would offer violent resistance to any working-class régime, even if supported by a popular majority.

With the rapid extension of popular government during the last fifty or sixty years this assumption gradually lost ground. Marx was the first among the Marxians to admit the possibility of a peaceful transition in countries of political democracy.

The belief in the inevitability of violent revolution was particularly shaken by the events of the last ten years. The bolshevist revolutions in Russia and Hungary were accomplished without bloodshed. The political revolutions which transformed the monarchies of Germany and Austria-Hungary into republics governed by socialists were likewise entirely peaceful. In Great Britain, Sweden, Denmark, Norway and Finland, Socialist parties were at different times permitted to assume the governments of their countries without capitalist opposition, violent or otherwise, even before they mustered a majority of the popular suffrage or in Parliament.

CONSTITUTIONAL METHODS

The modern socialist movement refuses to speculate upon the probable attitude of the ruling classes in the hour of the final political victory of socialism. It carries on its activities along constitutional lines on the tacit assumption that it will be accorded the full rights to which its political strength will entitle it and with the determination to defend these rights against any possible attempts of the ruling classes to override the popular mandate at any public election.

Another essential point of the Marxian philosophy which has been subjected to a radical revision deals with the character and composition of the socialist movement. The Marxian school originally envisaged the movement as one based entirely on the modern industrial workers, in the belief that their numbers were growing so fast that they were destined within

a short time to make up the majority of the whole population in every advanced country.

WORKERS UNITE WITH FARMERS AND MIDDLE CLASS

The course of the development has not fully justified this forecast. While the number of industrial workers has increased enormously since the date of the *Communist Manifesto,* absolutely and relatively, it has not grown to the extent anticipated by the followers of Karl Marx. The influx from the village to the city did not proceed at the estimated rate and the advent of large-scale industry and commerce did not throw the majority of small producers and traders into the ranks of the proletariat. It created a new "middle class" composed of corporate officials and employes, which has absorbed a large part of the middle classes of the old type.

There are few countries, if any, in which the industrial workers constitute a clear and determining majority of the population and there is none in which all workers follow the socialist flag. In the most advanced countries of Europe the political strength of the working-class parties as measured by their votes in general elections oscillates between about thirty percent and forty-two percent of the total.

This condition has impelled the socialist movement, wherever it has reached a state of political maturity, to seek support in non-proletarian ranks, among the middle classes and principally in the agricultural population. The pursuit of this necessary political support has in its turn led to a substantial broadening of the socialist program.

But, while the socialist movement has ceased to be an exclusively proletarian movement in the primitive Marxian conception, the industrial working-class remains its main backbone, because of its direct economic motive in overthrowing the capitalist system, its preponderating numbers and political training and organization.

This essential working-class character of the socialist movement, expressed in its composition, methods of political

struggle and ultimate aim, constitutes the distinguishing feature of modern Marxism in the field of practical activity.

In the sphere of socialist theory the Marxian philosophy is still generally accepted in its cardinal thoughts, but like all social and philosophic systems it is subject to varying and conflicting interpretations and applications in accordance with the special circumstances of time and place, and the individual temper of the interpreter.

Discussion among socialists took a particularly violent tone and heated manner with the advent of the bolshevik revolution and the establishment of the Soviet Government in Russia.

The Russian bolsheviki, formerly a part of the international social democratic movement, now claim to be the only true exponents and followers of the pure doctrine of Karl Marx and reject the West-European interpretation of the Marxian creed as a species of apostasy.

SOVIET NOT SOCIALIST STATE

The relation of the bolsheviki to the Marxian philosophy is somewhat analogous to that of the Russian "Old Believers" to the Greek Orthodox Church. They revert back to the first and rather crude formulation of the Marxian philosophy, which is not unnatural in view of the fact that the industrial development of Russia in 1917 had hardly reached that of Western Europe in 1848.

But western social democracy refuses to accept the bolshevik revolution as a working-class revolution and the Soviet Government as a socialist government in the Marxian sense of the terms.

The indispensable conditions of a socialist revolution as understood by the modern Marxian school are:

A capitalist system of wealth production in a high state of development and organization;

A powerful capitalist class dominating the economic life of the country;

A large industrial working class skilled and trained in the

industrial processes and capable of assuming its management, well organized economically and well educated politically;

An active and conscious class struggle between the ruling class and the working class.

None of these conditons existed in Russia in 1917.

The country was predominantly agricultural, with an overwhelming peasant population.

The modern capitalist or factory system was in an incipient stage and confined to isolated spots.

The capitalist or bourgeois were weak economically and without influence or power politically.

The industrial workers constituted less than one-tenth of the population. The majority of them were unorganized, uneducated and entirely devoid of political training.

The struggles between the employing classes and workers had been sporadic and comparatively insignificant.

The bolshevik revolution was in the nature of a historical accident caused by the disastrous effects of the war on certain specific Russian conditions—the collapse of the whole economic organization of the country; the utter demoralization of the government and bureaucracy; an overwhelmingly large and land-hungry peasantry; millions of demobilized and displaced young workers and soldiers; an impoverished, war-weary, rebellious and desperate people.

The only elements of the population that had a political program and a semblance of organization were the socialists of the different shades, and the bolsheviki were the most resolute group among them.

The bolshevik leaders took the government of Russia into their hands, and, since they were Marxian socialists of the most doctrinaire observance, they naturally attempted to bring their revolution and their régime within the Marxian formula. It was this impossible task which resulted in the peculiar institution and theoretical foundations of Soviet Russia.

A socialist régime in a peasant country is unthinkable. A Russian government without peasant support was impossible. To preserve the government it became necessary to establish

a nominal political partnership between the workers and the peasants; to maintain the bolshevik domination it was necessary to devise a form of indirect elections which would successfully eliminate non-bolshevik peasant representation in the governing councils. Hence the complicated constitution of the Soviet Government.

To give a Marxian sanction to their hybrid government the bolshevik leaders revived an old rhetorical Marxian phrase —"The Dictatorship of the Proletariat"—and stretched and twisted it to cover the autocratic rule of their own political party. To justify the political repression which is indispensable to uphold the rule of a minority government, they had recourse to the fiction of a "transitional state" in perpetuity.

RUSSIA NO CRITERION

The economic régime of Soviet Russia is, if possible, even less socialistic than its political structure. The vast majority of its population, variously estimated between eighty percent and ninety percent, consists of private land owners of varying degree of affluence or poverty; the early theory of government ownership of all land has become a dead letter. In industry and commerce the field is divided between private competitive enterprises, foreign concessionaires and a form of government operation which may be characterized as state socialism or state capitalism. The early revolutionary institution of "Worker's Control" in industry has been abandoned and the much-heralded New Economic Policy (N. E. P.) was nothing but a surrender to the system of private capitalism.

The Russian experiment is a complete vindication of the Marxian philosophy, negatively rather than positively. It has furnished concrete and conclusive proof that a socialist order cannot be established in a country of backward industrial development. The most earnest efforts to create a socialist state are doomed to failure in the absence of suitable economic conditions; the seed of socialism cannot grow to fruition on sterile soil.

The converse of this concept, i. e., that favorable economic conditions will not automatically produce a socialist movement without active and intelligent effort of the working masses, has been proved with similar conclusiveness by conditions in the United States.

MARX'S VIEW OF CENTRALIZED CAPITAL

Analyzing the course of modern or capitalist economic development, Karl Marx more than sixty years ago described the process of centralization of capital in these prophetic words: "One capitalist always kills many. Hand in hand with this centralization, or this expropriation of many capitalists by the few, develop, on an ever-extending scale, the cooperative form of the labor process, the conscious application of science, the methodical cultivation of the soil and transformation of the instruments of labor into instruments usable only in common, the economizing of all means of production of combined socialized labor, the entanglement of all peoples in the net of the world market, and, with this, the international character of the capitalistic régime."

When these lines were written the United States was an overwhelmingly agricultural country. Industry and commerce, such as they were, were conducted by individual small producers and traders on the basis of free competition. The unit of production was the modest workshop and the instrument of labor the simple tool, manipulated by the individual mechanic. It was a country of slow industrial development, largely confined to domestic trade.

Since then the United States has embarked on a course of rapid industrial growth as if deliberately bent on demonstrating the correctness of the Marxian prognosis.

Industrial concentration has reached heights undreamed of a generation ago. Large corporate ownership has "killed" a vast army of independent individual proprietors or capitalists. Gigantic mills and factories have supplanted the old-time workshop. Powerful labor-saving machines have displaced the individual tool. Cooperative work based on a

minute division of labor has taken the place of individual production. Modern science has been placed in the service of industry and agriculture. The process of wealth production has been consciously and rationally organized on national lines. It has become essentially social in character. The industrial life of the country is closely "entangled in the net of the world market." The United States has become the most industrial and capitalistic country of the world.

The development just sketched has produced a permanent class of industrial workers larger in numbers than any other single interest group in the United States. The conflict of interest between that class and the employing or capitalist class has led to many open, often violent, clashes in the form of strikes, boycotts and lockouts.

SOCIALISM IN AMERICA

On the economic field the "class struggle" is as rampant here as in the advanced countries of Europe. Yet the socialist movement in the United States is incomparably weaker than in many countries of inferior industrial development. The large body of American workers have as yet not seen fit to extend their class struggles to the domain of politics and have given scant support to the socialist movement.

The retardation of the socialist movement in the United States may be accounted for by many factors, economic, social and historical. The country is young and has not nearly exhausted its opportunities for industrial expansion and individual advancement to the same extent as the old countries of Europe. The standard of life of the American worker is considerably higher than that of his fellow-worker on the other side of the Atlantic and his economic condition has been particularly favorable in the period of exceptional prosperity during and after the war. The very swiftness of industrial development has checked the definite crystallization of classes and the development of the feeling of class-consciousness and the diversity of racial stocks, languages and national habits of the American workers have

heretofore been serious obstacles in the way of their organization.

On the whole the socialist and labor movements of the United States are in approximately the same position as they were in Great Britain about thirty years ago, before the formation of the Labor party.

From the Marxian point of view the obstacles to the socialist growth in the United States are no more permanent than those which hamper the establishment of a socialist state in Russia. Both are bound to be removed by the inexorable leveling process of industrial, political and cultural development which tends to fashion all modern civilization after one pattern. The socialist movement will develop in the United States when its workers reach the necessary degree of political education and experience. A socialist state will become feasible in Russia when her industries have grown to the point of national organization and possible socialization and produce an industrial working class numerous enough to take the political lead.

These developments may be largely speeded by conscious and rational effort, but they cannot be forced. Marxian socialists in both countries find hope and faith in the example of the Western European countries in which the political strength of the workers keeps almost exact pace with the industrial development of the countries. With the founder of the school, they believe that the more advanced countries hold out the mirror of the future development of the less advanced countries and that this rule holds equally good for their economic and political development.

CHAPTER V

THREE VIEWS OF RADICAL TACTICS

FOUR MEANS TO LABOR CONTROL

By August Claessens

SOCIALISM is apparently the next phase of civilization. Whether its culmination will be called socialism or some other name, does not matter. The trend in all industrially developed countries is in that direction. Numberless political measures proposed or enacted in national, state or municipal legislatures, here and abroad, advocate socialization or a near-socialist substitute. The full maturity of capitalism must give way to its offspring and heir, socialism. Students of social progress in general, and socialists in particular, have discerned this inevitability and have heralded its coming.

Socialists in every country have organized their forces with the view of hastening the social process, guiding its course and preparing the cultural mold for its reception and fulfillment. They fervently hope for a peaceful, orderly and progressive transition. Nevertheless, they well understand that social changes are not entirely subject to strategy, discipline, and conscious direction. Often the chaos of a decaying economic and political order creates a confusion that baffles control. The fact that historians are so contradictory in their interpretation indicates the disorderly character of revolutions.

Coup d'etat, violence, dictatorship, general upheaval and suppressions are elements that may develop regardless of all precaution. Social democrats are not fascinated by noisy, hectic and spectacular political revolutions. The glamor of barricades, the rowdy onslaughts of mobs and the emotional

intoxication of it all is a delirium that usually ends in confusion. The final product is the dictator, military suppression and its inevitable counter-violence. In spite of the criticisms of the extremists of all shades, it is the duty of socialists to oppose the advocacy of *coup d'etat* or the attempt at violence and dictatorship. Socialists of Western Europe and America in particular are staunch advocates of the seemingly slower processes of evolution as a transition to the social revolution. Their means to that end are:

THE POLITICAL PARTY

Political action, or its European equivalent, parliamentary action, as a means to social revolution, verily, is an instrument of unproved quality. It may be effective. If socialists can obtain a majority control of government, they should have a majority sentiment and power behind them. The fear that a capitalist minority can frustrate their efforts may yet be a delusion, probably another pretty hypothesis to be slain by a potent fact. Furthermore, as a minority party, the increase of socialist power as an opposition must and does force concessions and progressive measures from the majority parties. This is already a matter of history in many countries where social democracy is advancing. Whatever the final stroke of complete political power may bring, one thing is certain, and that is that socialism will have aroused desires, aims and ideals in the great masses that must come to fruition by other expedients if democratic government proves impotent. Until history finally settles this debatable question, socialists are enthusiastic in their faith that democratic government, with all its many short-comings, is an effective instrument. They will use it to their ends.

THE TRADE UNION

The economic organization or the labor movement is principally a defensive weapon against capitalism. It is now quite obvious that its offensive arms are by far the weakest. The

day dream of general strikes and revolution through the industrial movement is no longer cherished except by a few fanatics. Moreover, even the defensive activities of trade unionism are being curtailed by the political power of capitalism through the increasing powers of the courts. At best the ascendency of the labor movement is coincident with the growth of socialist or labor political parties.

In the transitional state, trade unionism should take on new life, power and outlook, zealously defending the rights of its toilers against possible encroachments. At the same time, it must train its membership for the newer objective of management and control—in a word—the working out of the scheme of industrial democracy.

COOPERATIVES

Born in hostile environment and subject to multitudinous obstacles, the cooperative movement is tremendously important to the achievement of socialism. It is the laboratory in which is tested the substance of socialism—production and distribution for use instead of for profit. Its marvelous success is infinitely more prophetic of the coming social order than all the propaganda that eloquence and emotion convey. The existence of cooperatives in the transitional state is indispensable, their success is the living demonstration of practical theory. Their incorporation in the new society is the very skeleton upon which its flesh must form.

THE EDUCATIONAL TASK

It is pure fancy that a transitional state can prosper and new society function unless a changed social psychology is achieved. That this will undoubtedly and eventually arise out of a radically changed environment reflecting a higher ethic is the devout wish. Nevertheless, a different social outlook, a pro-social appreciation of individual and collective well-being, a more humane attitude to all social problems, conditions, abnormalities, a higher morality of social responsi-

bility and salvation as contrasted to the individualistic, competitive and brutal jungle ethics of capitalism—unless this result is created by a diffusion of idealism among the masses the transitional state will crash upon the rocks and the social revolution will be abortive. Soviet Russia is a superb example that mere economic and political change is insufficient and that much labor must be expended to create a new morale and a new sense of social efficiency and responsibility. The cultural work of socialists is not merely propaganda for the abolition of capitalism. It is also the safeguard of the transition. It is the spirit, the very soul nurtured in the visions of all the great idealists and it must be breathed into the clay of the coming social structure.

The means to labor or socialist control and the transitional state are dependent upon many diverse factors. Some are probably beyond immediate discipline and then again most of them, as I have mentioned, are within our power to promote, enhance and direct.

THE NEED FOR MILITANCY

By Roger N. Baldwin

Such contribution as I can make to a discussion of changes in socialist policy must deal with the practical realities of working tactics in the world today. I am happily not a philosopher, for I am thus freed from the endless sectarianism of theorists. What I have to say here is drawn entirely from my work-a-day contacts with working class and radical movements here and abroad, and particularly from my recent contacts all over Europe.

Let me say at the start that I see no possibility of labor and socialist control worth the name that does not effect a complete transfer of property from the present owning class to the working class—and of land to small farmers. That process of change in control of property—and that process only—is a revolution. In so far as the working class controls,

it will be a socialist revolution, for the working class anywhere will abolish private profit in industry. In so far as peasants control a revolution, it will remain petit-bourgeois. The Russian revolution was both—a workers' revolution against capitalism and a peasant revolution against feudalism. That dual character explains in large part the patchwork of its development since, and the conflicts between the socialist experiment and peasant individualism. There is no hope for socialism in peasants; neither is there dynamic power for social change. Though three-quarters of the world is peasant, they cannot and will not lead any social movement. The problem of socializing them lies beyond the revolutionary transfer of power. We may dismiss peasant revolutionary movements from our calculations except as they destroy feudalism, and through small proprietors open the way to cooperative agriculture. Trade-unionism alone furnishes a class base of revolutionary power for the exploited masses.

I believe in revolution—not necessarily the forcible seizure of power in armed conflict, but the process of growth of class movements determined to expropriate the capitalist class and to take control of all social property. Being a pacifist—because I believe non-violent means best calculated in the long run to achieve enduring results—I am opposed to revolutionary violence. But I would rather see violent revolution than none at all, though I would not personally support it, because I believe other means far better. Even the terrible cost of bloody revolution is a cheaper price to humanity than the continued exploitation and wreck of human life under the settled violence of the present system.

CONDITIONS OF CHANGE

I believe that it is accepted as axiomatic that two conditions must precede revolutionary change. First, the old system must be so incapable of solving the economic problem of satisfying human wants that it runs down; second, the growth of a new class ready to take over economic control must be sufficiently large and vigorous to replace it. These basic

considerations run through all our discussions even of milder evolutionary changes:—Is capitalism weakening? How is working class power growing?

How much violence accompanies such a change is a secondary issue. It depends primarily on how much armed loyalty the old class can muster—not on the attitude to violence of the advancing class. The Russian and Hungarian revolutions were achieved with very little bloodshed; so was the French. Only when the counter-revolution sought to restore the old order by arms did the revolution defend itself by violence. You ask the means to socialist and labor control and you abhor violence. The great revolutions answer you. They succeeded in gaining power without violence, though they kept it only at the cost of thousands of lives.

Let us examine these two conditions precedent to revolutionary change as they exist today. It is obvious that capitalism has a considerably longer lease of life after its temporary period of tottering following the war, with the resultant hopes for world revolution. The increased vitality of capitalism is chiefly due to the fact that the United States is rich enough to have put it on its feet, and can long keep it there. Its powers have been consolidated in larger and larger units—the base of modern economic imperialism. It has discarded the forms of democracy in a dozen lands for security by dictatorship. As a system we know capitalism cannot last due to its inherent conflicts and rivalries. It is only a question of time before it runs down. I do not share the communist view that capitalist imperialism is headed for catastrophic destruction in an approaching World War greater than the last—thus creating the conditions for world revolution. I think many communists hardly believe it—but it is a reassuring hope. I hear the war variously prophesied as between England and the United States, the United States and Japan, the capitalist world vs. Soviet Russia,—with the possibility thrown in of Mussolini starting something. Such prophesies seem to me quite aside from the main current of action leading more likely to civil wars and colonial revolts.

The growth of the organizations of labor—the only dy-

namic force capable of leading the attack on capitalism and furnishing the power to direct economic life when it fails or is overcome—is the most signficant political and economic fact of the last fifty years. For the first time in history its communist section has begun to unite all the militant forces opposed to capitalism and imperialism throughout the world—not only in the working class but among the poorer peasantry and in the colonial independence movements. The Russian experiment—and by that I mean not only in Russia but in the communist international movement—has given us the outstanding answers to the query as to what changes should be made in socialist tactics and philosophy. While I do not give it a blank check, it is obviously the one fighting aspect of socialism that has captured the loyalty of the militants throughout the world, inside and outside the socialist movement. Its new policies *are* the changes in socialist tactics.

SOCIALISM VS. COMMUNISM

As Soviet Russia is the standing challenge to the capitalist world, we cannot ignore the issue as to whether or not we think other countries must follow the way of Russia with dictatorships of the proletariat or whether socialism may triumph by other means. That is the new issue. Before the Russian revolution, the major conflict as to tactics and purposes was between the anarchists, whom Kropotkin called the "no government socialists," and the political socialists. Anarchism and syndicalism as forces to reckon with are gone. They remain only as critical attitudes, a philosophy of ends, barren of means, to work only after a revolution in the decentralization and dissolution of the workers' state—perhaps. In the front of the arena today is the irreconcilable conflict between socialism and communism—between the communist conception of the growth of a revolutionary working class movement seizing political power through an armed minority at the right moment, and the socialist method of building a majority class movement expressed primarily through parliamentary action, reinforced by general strikes, and colored

by old appeals to political democracy, peaceful evolution and civil liberty. The Second and Third Internationals represent not only these sharply differing tactics but the temperaments that go with them. The differences are not primarily in ideas, but in feeling.

The Russian revolution has changed the approach to labor control by making the socialist movement more conservative and the communist movement more dogmatically revolutionary. Everywhere in Europe an observer is impressed with the fact that the socialist movement, with the sole exception of the city of Vienna, expresses an old man's attitude of mind, lacking in energy, fire, vision, enthusiasm, ready to collaborate in coalition capitalist governments, afraid of revolution, timid of action. It has no centralized generalship, no program of action, no practical grappling with the great issue of imperialism, no union with exploited peoples outside Europe.

The communist movement has rallied revolutionary youth and inspired militant organization all over the world. You cannot touch militant labor activity anywhere without finding communist inspiration or participation. While it aims at results similar to those which marked the Russian revolution, my observation in Europe and among the colonial peoples leads me to conclude that the present leadership has become increasingly practical, much less dogmatic, much more responsive to tactical necessity. Its main policies center on what are obviously the two greatest issues looking to labor and socialist control—the building up of revolutionary consciousness in the trade unions, and support by western labor of the movements for colonial independence. Any one who has had any contact with the Third International must be impressed with the amazing achievements of the communist movement among the colonial peoples in a few short years. You find no enthusiasm among the brown, black and yellow races for any western radical movement save communism.

Despite my favorable attitude to communist activities, justified I think by the facts, I am not a communist, as is well known. I could not join the communist movement, both

for theoretical and practical reasons. Philosophically I am an anarchist, though I do not work at it. There isn't enough to do. I do not believe the way to abolish the state—which is the goal of the communist interpretation of socialism, and with which I agree—is to create a stronger state, even for the purposes of transition. As a pacifist I do not believe in the historical necessity of violence, though I agree that the hopes of peaceful revolution are slim. But a greater organization of labor than preceded the Russian revolution will diminish both. I prefer to work to break down capitalist repression of the creative forces of labor, believing that the process of change will come more easily, less violently, and with less danger of dictatorship by a small minority, the more strongly the workers are organized.

Despite my prejudice for militancy, I look to see the socialist movement grow as long as capitalism remains powerful. For it is the steadier, more timid approach to the expression of working-class power. In Europe at least, coalition governments with socialist participation, even wholly socialist governments, may be expected to increase in number, marked by mild reformist measures incapable of attack on the essential stronghold of capitalism. But as capitalism declines and as a nominal socialism fails to deliver benefits to the working class, I look to see the growth of the communist movement with a program analagous to that which marked the Russian revolution, modified according to the character of the people of each country, the degree of its industrialization and the temper and training of its working class. It seems obvious that a revolution in England with her traditions of behavior would be less violent than the Russian, and that any dictatorship following it would be less drastic. As one of my friends has observed, "revolutions seem to change everything except the form of government."

IN AMERICA

As to the United States, it seems to me that in this most powerful of all capitalist countries we on the left will be

on the defensive for years. In that position we may welcome the growth of all non-profit enterprises, of public ownership, of a political labor party,—and indeed any mild reforms that promise to lead us away from our enslavement to capitalism. I see no near hope here for the militant organization of labor and exploited farmers developing a political consciousness toward class power. We face years of slow building up under the heavy burden of our new imperialism. The communists may dramatize their program, but in this land at least they are far from touching the masses of American workers, though they alone of our radicals have the energy and enthusiasm to lead the way.

We may well see an America with a feeble radical labor movement pitted against a part-socialist, part-communist Europe backed by the colonial revolt of Asia and Africa. Into that field of prophecy I will not enter. I content myself with pointing out the alignments, and venturing the view that the changes in socialist philosophy and tactics which we are discussing will, if they are to identify themselves with the real struggle of the workers for control, be obliged to come nearer the communist approach and to take stock of methods in terms of that most significant and heroic of all experiments in social reconstruction—Soviet Russia.

This urge to the left already marks the practical activities of many socialists in united front movements under communist inspiration,—anti-imperialism, anti-fascism, working-class defense and prisoners' aid, and left movements in the unions. Such movements as the British Independent Labor party, far more realistic and international in its outlook than continental socialism, cut through the reactionary leadership of the Second International to unite with the Russian workers and with communists, wherever union serves the cause of the working class.

An anarchist suggesting communist tactics to socialists may appear a bit confusing. But the real confusion is the artificial barriers of theory set up by the radical schools. We do too much thinking on theory, not enough planning for action. The only harmony for revolutionary schools lies not

in ideas but in the practical tasks of struggle, with and among the workers and the colonial peoples—the two moving forces of the world today.

SOME MEASURES IN TRANSITION

By H. S. Raushenbush

There is reason for optimism at present in considering the transitional state. We can see more clearly the function which liberals and socialists—both those who are essentially scholars and students and those who are politicians—can have in changing the social order.

The very subject "transitional state" implies that we have accepted the alternative of encroaching control in place of the dream of cataclysmic socialism which has engrossed people dissatisfied with the world for so many years. There is an acceptance here of our own realities. The drama of conflict—the last of the great St. Petersburgs of the world—does not represent the world we live in. It is not pleasant to give up that dream of a violent triumph. We are sensitive about it. We hear the charge of cowardliness, of the unheroic quality of compromise. Let us face that and have it down. It is a conflict and extends into all phases of life. In literature people who wish to escape from the world are romanticists. Those who have the same desire but more sense of truth and actuality become our realists, bitter that the world is so little like what they want it to be.

To refuse to face the fact that we live in a dynamic world rather than in the Hegelian world of Marx, is cowardly. And if we are aware that there is no longer any prophetic destiny in Marx and still (for want of a better cause and because we like or are unable to detach ourselves from the dreams of our youth,) preach revolution, and get other men to spend their efforts toward the fulfillment of a prophesy that is not divinely inspired—that is a cowardly compromise. It is playing fast and loose with the rank and file who starve and strike

upon the leaders' say-so. Every union compromises when it signs an agreement with the employer. And the communist unions do it as much as the A. F. of L. unions. We live in a world that can be changed slowly, but it can be changed by people who are willing enough to identify themselves with the small common desires of the people of the country, who are willing to work in realistic ways toward power.

POWER VS. SPIRITUAL VALUES

Here I wish to note a dissension from Henri de Man.* He claims that the real foe is the capitalist spirit, that the spirit of service and the pride in things well done would have to be substituted as leading motives of social activity for the desires for wealth and power—that freedom, self-determination and dignity were to be the rallying cries. Here he goes mystic to some extent. These spiritual values move people somewhat. There will always be audiences who applaud appeals to the dignity of man, the pleasure of voting to determine one's lot. But men vote today mainly for their own economic interests and for some sense of power. The bandwagon has human springs. To throw over economic interest and power for more spiritual values seems a bad and forced second choice. According to Stolberg, Christ did exactly that. In the first stages he was a revolutionary patriot—wanted power. When he saw that he could not have that he said, "Well, then at least I will possess my own soul—blessed are the meek." He saw that power, such as all human, full-blooded people want could not be had without compromise, except at one point —death. The revolutionists today are the true Christians. The rest of us are the people who stay alive. And the majority of the people in this country are going to stay alive and think in simple demands of "more" and "more".

To the very extent that we are liberals or socialists, we have already differentiated ourselves from the mass of the workers and shop-keepers and academically trained people of today. They want such small favors as the political ma-

* See Mr. DeMan's paper in this book, Part II, Chapter 5.

chines can give them—jobs, protection, financial help in time of stress. They are uninterested in schemes or theories of government. They have not the free space to think far ahead. They also have some terrible need to be thought well of by their neighbors, some fear of losing their jobs, that keeps them out of the radical camp. When we say, "Ye shall know the truth and the truth shall make you free," we perform a remarkable act of faith in intellect. It is power that will make people free. We can be a hundred times right and be authors of brilliant books telling how rotten the world is, and have less influence during our whole lives on the welfare of the people of the country than a lieutenant in a Tammany precinct.

Some of us are introverted and turn away from the bustle of politics to our books and dialectic discussions with so much relief that our political efficacy will probably always be amateurish and slight. Others of us have the capacity to be politicians, and in them our hope for the speeding up of the transitional state rests now.

AMERICA PRAGMATIC

The carrying drive of any movement or organization in this country today is simply pragmatic. This side of revolution (Russia, Italy, Germany) we can only take what opportunities we can make ourselves or are offered for illustrations in socialist practise, to convince both the workers and the middle class that we are right—that the abolition of the profit system is to their interest and will result in higher real wages, greater security, freedom from wars and other forms of autocracy. Unless we can show workers results from day to day, they will turn to someone who can, or who can promise to. Meanwhile the local machines give them small favors and protection. The socialist candidate for president gives them only the glory of shaking his hand. Marx has convinced his thousands but the Ontario Hydro-Electric Commission has convinced its hundreds of thousands. We need more leverage places like the latter. And

there are parts of our political life today where we have such a wedge.

The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as government officials, starting in small and definitely working on the reasonable hope that in the course of another ten years we shall have government control of a much more definite kind over our trusts, banks and general industries; that there will be government corporations operating and managing, not only the Port of New York and Muscle Shoals, but many other developments. There is a chance here for young men not only to keep the liberal groups informed about the dirty work going on and times and ways to prevent it, but also to look forward to careers of usefulness in executive positions, making the government control over industry more adequate, pioneering in a field of essential importance.

Government officials in the bureaus and departments at Washington, Albany, Trenton, Harrisburg and other state capitals are of great importance. The wages are not high. That is one reason why so many of them go over to private industries and favor private industries before they do go over to them—earn their jobs ahead of time. Yet the problem of government officials is a major problem of immediate socialism. In Germany, after the revolution, the bureaucracy was nationalist and nearly sabotaged the republican government, until it had been replaced. One good man with his eyes, ears and wits about him, inside the department—whether it be the Interior where the oil scandal started and the Boulder Dam Bill received most active support, or the Treasury, where the taxation scandals breed and the government tax policies originate—can do more to perfect the technique of control over industry than a hundred men outside. His reward will be more immediate than if he becomes a teacher. If he finally decides to leave the government for Labor, he will bring something more than a general willingness. He will bring a background.

THE NEED IN POLITICS

With the weakness of the unions today in the industrial field, Congress and the Legislature have become more important. Senator Smoot knows everything that moves anywhere in Washington and so is invaluable to his side. We need a group of men who will do and be the same for the opposition.

Now this is power politics—just as the proposal that we give our help, support and honors to the men who are politicians enough to know and help the people in their own districts well enough to be elected by them, is power politics. I admit its dangers in the transitional state of affairs. The men who want success *only* will go Tammany or to the Thompson machine, unable to wait—or become merely cheap politicians.

The very idea of saying to people that you want government ownership of railroads or electric power, not because it is eternally right, but because it is cheaper for the workers and can be so proved, will be hailed by some as a compromise or betrayal of socialism. But as I understand it, Lenin himself summed up each situation by itself and met it as he could, practically and pragmatically, and after that was done sat down to write these long, dry theses of rationalization proving that Engels and Marx would have agreed.

The Amalgamated Clothing Workers' Union compromises with its employers, holds so little (on the face of it) by the doctrine of inveterate struggle between the two classes, that it finances some of the employers when their bankruptcy would throw union members out of work. Still we know that there are some things the Amalgamated will not compromise on.

The spiritual leaders of the liberal and radical movement will see to it that the new power is used for the purposes we have always desired, that the ideals are not forgotten.

I admit that the process is full of pitfalls. So is the whole progress of the transitional state. Properly engineered, a peri-

od of high prices, low wages and unemployment may set us back a long time. Fear of too rapid transition dropped the franc another cent in 1926 and overthrew even a Liberal Ministry in France. Herriot thought it so important that the Radical group should regain the confidence of the country and have a part in stabilizing the franc that he joined the Poincaré Cabinet and spent a large part of his last campaign (1928) claiming that he had not been responsible for the drop originally and had nobly helped restore the franc to four cents. This was an important thing to the workers of the country, and a nasty position for any honest man to be in, but important because indicative not only of how many tricks the controlling powers have in the bag to make the transitional state difficult, but of the danger of compromising at the wrong time. Still, the business of having leaders at all involves this danger.

There has been more said about the development of a political party that will have some power to effect a transitional state, than about the relative places of industrial, parliamentary, cooperative and educational action in such a state. It is likely that within ten years the dominant unions of the country will have exhausted the possibility of their present policy of being respectable at any price. Virtue can be its own streetwalker for only so long. By that time we may expect new leaders and a different drive behind them.

EFFECTIVE TRUST CONTROL

In the field of governmental control of industry, however, possibilities are more definite.

Trust Control: There is a considerable movement on now to repeal the Clayton Act in the coal industry, to allow trustification. Once that barrier has been let down we may expect trustification to be allowed in other industries. This process is as important as anything on the American scene today. In return for giving up our beloved system of competition for monopoly, it is not impossible to exact a price; to get some share of control which can then be extended as

the need for it becomes evident. In Germany the government sits in on every trust and in some cases government owned corporations are parts of the trust. The Anti-Trust Act and the Federal Trade Commission Act were cease and desist acts—the policeman with the club stopping traffic. Actually, our regulation to replace the supposedly automatic safeguards of competition is more complicated and potential. Regulation by public service commissions, North Dakota's governmental competition in grain elevating, banking and insurance and the Federal government's participation in formulation of banking policy are cases in point.

Very moderate control, under the press of social need, can develop rapidly. The Interstate Commerce Commission started with the duty of eliminating rebates and now has some measure of supervision over the activities of the railroads, their combination, and the distribution of their group earnings. If the courts allow the railroads to add another eleven billion dollars to the present valuation, we may expect enough indignation from shippers and public generally to lead to further control.

In the Federal Reserve Bank Act we brought under national jurisdiction the banking organizations in which we previously had no say at all. All national banks were required to join this system. A situation was created where many state banks found it advisable to join. On each Federal Reserve Bank we have three directors appointed by the Federal Reserve Board representing the banking policy of the government. The Board has considerable power, not only in appointment and supervision, but in control of the rediscount rate. In its open market operations, it can exercise some influence over the business cycle. There is nothing in a long line of judicial decisions which prevents a control analagous to that which is exercised by the Federal government over banks from being applied by a state legislature to any industry which is held to be affected with the public interest. . . .

The court has even held it easier for a state government to go into business itself than to regulate business. North Dakota's attempts to go into all sorts of businesses were at-

tacked, but upheld. Meanwhile the regulatory attempts involved in the Kansas Industrial Court Act were not upheld.

Once an industry is declared affected with the public interest, it is reasonable to have the books opened, then to go on with the clamping down on excess profits, stock dividends, inflated mergers, and to have a positive hand in stabilization of employment, uniform working conditions, minimum wage, supervision of all mergers, establishment of the principle of recapturing excess earnings as in the railroads, to go into a retirement fund through which the state can finally buy out the industry on an annuity plan.

In the elective power industry we have four things to go on:

(1) The desire of the people to keep their natural resources.

(2) The weakness of regulation as a protection to the people.

(3) The evidence of what unscrupulous influence the industry has been exerting in our schools, press and political life.

(4) The fact that the state not only has the power to cancel charters, but that the companies must constantly come to it for new grants of privilege, power to condemn land and riparian rights, to merge, etc.

We have made three attempts at control. We have set up municipal plants. Their status is changing and we should face that fact. Outside of the large cities they can rarely compete in rates and efficiency with the new plants being established by private companies having the benefit of the connected load of wide interconnections. We have tried regulation by state commissions. It has gotten out of hand. A third attempt to control the water power was in the Federal Water Power Act of 1920. Here we have set down the principle that rates shall not exceed a return on the net cost of the money actually invested, that excess earnings shall be recaptured and that the project may be bought at the end of fifty years by the government at the net cost.

The fourth attempt is that of having government corporations like the Port Authority of New York operating the power at Muscle Shoals, Boulder Dam and on the St. Lawrence. With these developments furnishing cheap power, these great sections of the country will realize the advantages of public as opposed to private ownership. We cannot hope to take over the whole eight billion dollar industry successfully, even if it were generally thought advisable to do so at the moment. There would be danger of sabotage. But by putting in a preference that power from these developments shall be furnished by state and municipal plants, we can move toward a system of linked up plants such as the Ontario Hydro-Electric Commission.

While the long time aim of the liberal and radical groups is the abolition of the profit system for private use, our present strategy should be to make and take every opportunity to prove that there is something better than the profit system. Within the next ten years we are going to have a chance such as we have not had for the last forty.

CHAPTER VI

COMMUNISM EXPLAINED AND CRITICIZED

COMMUNIST STEPS TOWARD THE REVOLUTION

By Solon DeLeon

GRANTED that the American working class wants to take control of industry and of the government, how, according to the communists, can it do so?

In the communist field-book there is no single path. The fight must be on all fronts. Trade unionism, political action, the cooperatives, and finally armed conflict may, and probably will, all have their parts to play.

The trade unions must be built up till they include the vast majority of the workers, not merely the paltry ten per-cent now enrolled. Not only the skilled craftsmen, but the unskilled, the women, the working youth, the farm hands, the Negroes, the orientals—every one who toils for wages in American industry or agriculture must have his place and a welcome in the union ranks. Craft divisions, with their separate interests and conflicting controls, must give way to organizations based on the industries, capable of striking a unified blow for labor supremacy.

EXPROPRIATE THE EXPROPRIATORS

With such industrial organizations the workers will be prepared for the central stroke of the revolution—the direct expropriation of the expropriators. They will not walk out on a general strike, leaving the capitalist class in snug control of the land and the instruments of production. As the Italian metal workers and the Sicilian peasants did tempo-

rarily in 1920, as the Russian workers and peasants did permanently three years earlier, they will seize the economic equipment of the nation and set the present owners on the doormat. For once, and with finality, it will be the workers, not the bosses, who declare a lockout—the nation-wide lockout of the capitalist class.

Meanwhile, the advanced workers will be building their own political party. Through this agency they will be preparing that revolution in the minds of the exploited which must precede the overt revolution. Through participation in electoral campaigns they will gain the ear of the masses for their comprehensive program of social reconstruction. Reform measures will be advocated not as piecemeal patches on the existing social system, but to stir the workers to revolutionary action by making concrete to them the gains to be secured by establishing a fundamentally new system. Through electoral campaigns, also, the party will offer the employing class the opportunity for orderly submission to the expressed will of the workers, the mass of the population—an opportunity which the employing class will certainly reject. Such candidates as may be elected will use their offices as rostrums from which the better to expose the hideousness of capitalist rule, to block, and undermine the machinations of the capitalist government, and to agitate for a new, a workers' government. By the conduct of its members in all other working class bodies, sport clubs and fraternal orders no less than trade unions and cooperatives, the party will permeate those bodies with its ideas and seek to win them over to the revolutionary struggle.

But underneath all this activity, the revolutionary political party has another fundamental task. That is to erect an organization, based upon the workers' groupings and needs, which in the revolutionary crisis can step in and function as the workers' state apparatus when the state apparatus of the capitalist is overthrown. The governmental mechanism of the workers' state will have for its object the operating of a nationalized, unified system of production, for purposes of social welfare. The governmental mechanism of the exist-

ing state, on the contrary, was set up for and is adapted to a diametrically opposite purpose—namely, that of supervising and assisting the private owners of a mincemeat competitive industrial system in wringing profits out of the workers. The impossibility of using the latter apparatus to accomplish the former purpose should be manifest to every one.

A NEW STATE MACHINERY

Moreover, even if its structure were adapted to the new purpose—which it is not—the capitalist state apparatus has its own personnel. That personnel is drilled in loyalty to the capitalist class. It is folly to expect that the installation of a few elected or appointed administrative heads of departments would serve to swing this hostilly trained mass of functionaries into harmonious cooperation for the purposes of the workers' government. The opportunities for treason would be literally countless—and would be taken advantage of. On the other hand, a workers' government could not suddenly fill all the requisite offices with its own people. However loyal in spirit, these new officials would not know the old ropes, and breakdown would result.

Manifestly, the existing capitalist state machinery can not be taken over and operated by the workers. The workers' state machinery must be reared in advance, in their party and trade union struggles, with its own trained and tried personnel, ready to take over the national administration at the revolutionary "zero hour."

THE COOPERATIVES

The cooperatives, too, must not be neglected. As organizations already arrayed against the system of private profit, they can be of tremendous service when the time comes. Firmly aligned with the labor movement, of which they are historically a part, experienced in problems of distribution to consumers, they can, wherever they exist, serve as powerful aids to the revolutionary commissary department. A widely de-

veloped consumers' cooperative movement, which America still lacks, could for a long time after the workers' seizure of power purvey to them much of the food, clothing, and small wares of which they will have need in their daily lives.

ARMED CONFLICT

Finally comes the question of armed conflict. Appalled by the slaughter of the latest war, the tendency of many is to take refuge in pacificism. But condemnation of war as between capitalist nations, in capitalist quarrels over capitalist interests, in which the workers perish and the capitalists reap the golden harvest, is one thing. Social pacificism, the pacificism which ties the workers' hands in the class struggle, is quite another.

No ruling class in history ever abdicated its power voluntarily. No more was any ruling class ever overthrown by means entirely within the limits defined by the constitution which that class itself drafted. Revolutions bring their own codes of laws. The curbing of the kings by Magna Charta, the overthrow of feudalism and the foundation of the capitalist republics of America and France, the establishment of the workers' and peasants' Soviet Republic of Russia, were not brought about by legal briefs or by peaceful persuasion. They were preceded by Runnymede, Yorktown, the Place de la Concorde, and the uprising at Petrograd. There is no indication that the ruling class of America will prove any more tractable. News from every strike front demonstrates the contrary. Having driven out the employers and taken possession of the industries, the workers will need to be protected in their possession. Every factory, every mine, every railroad, every farm, will have to have its red guard. The idea of a legal, peaceful solution of the social problem, in the face of the powerfully entrenched American capitalist class, is an illusion. The sooner the American workers put it behind them, the sooner will they be able to organize effectively for their emancipation.

It is idle to say, as some have said, we believe in a consti-

tutional, peaceful solution, but if the powers-that-be steal a decisive election, or prevent the elected officials of the people from taking office, we will "fight like tigers and mount the barricades if need be"—unless at the same time actual preparations are made for fighting successfully upon those self-same barricades. It is worse. For credulous talk about constitutionality and peace creates effective barriers against real preparation. Who will steel himself to break through designedly hampering statutes if he is convinced that he does not need to? Who will trouble to learn marksmanship if he never expects to use it? To couple thoughts of the necessity or even the probability of peace and legality with thoughts of a working class revolution in America is forswearing the cause and preparing for fore-ordained defeat. Not the preachments of agitators, but the events of the years to come, will save the American workers from that mistake.

COMMUNIST TACTICS: A CRITICISM

By Harold J. Laski*

It cannot be denied that there is a real division of interest in any community between the owners of the means of production and those who have nothing to sell but their labor. It is difficult, as John Stuart Mill said, to have patience with the people who "think it right to be always repeating that the interest of laborers and employers is one and the same. It is not to be wondered at that this sort of thing should be irritating to those to whom it is intended as a warning. How is it possible that the buyer and seller of a commodity should have exactly the same interest as to its price? It is to the interest of both that there should be commodities to sell, and it is, in a certain general way, the interest both of laborers and employers that business should prosper, and that the returns to labor and capital should be large. But to say

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that they have the same interest as to the division is to say that it is the same thing to a person's interest whether a sum of money belongs to him or to somebody else." The weakness of this view Marx saw with unsurpassed clarity; and he was demonstrably right in his insistence that the present method of distribution tilts the balance of power overwhelmingly in the interest of employers. The conclusions, that is to say, of his theory of surplus value are largely true even though the theory itself be erroneous.

EVILS OF CAPITALISM

We may, therefore, argue that certain broad results of the Marxian doctrine are beyond denial. To separate the masses from the ownership of the instruments of production means, however vast the total aggregate of productivity, poverty for those masses. That poverty is made more bitter by insecurity, on the one hand, and the knowledge, on the other, that there are riches and idleness among those who share in the ownership of capital. And, viewed from the angle of the wage-earner, dependence upon the sale of his labor-power is bound to appear a special form of slavery. He cannot forget that he and his children have inadequate access to knowledge, to the resources of law and to political power. His intellectual environment is largely dictated to him by men whose wants and interests are alien from his own. It seems, moreover, to be true that capitalism cannot maintain its early successes. It results in combinations and crises. It damages the instruments of production by a wasteful use of human resources. It is careless of the human beings upon whose labor-power it depends. It adulterates the commodities it produces, so at once cheating the public and lowering the morale of those engaged in their production. The personality of those whom it employs is hurt by the authoritarian control it exercises over them; it is thus, as a system of government, at complete odds with the purpose of democratic principles. As a consequence, it provokes to revolt those over whose destiny it presides; the law of its

being is conflict, and this, in the end, is fatal to prosperity. It leads, further, to war by its need to dominate foreign markets, its search to control raw materials, and its need to defend its position at home by protective tariffs. Capitalism and peace, in a word, are mutually exclusive.

To have set out these things with a mass of supporting facts and a remorseless eloquence is an achievement as great as any in the record of modern sociology. But there are also weaknesses in the Marxian philosophy upon which it is imperative to dwell. His interpretation of history, in the first place, gives too little room to the significance of non-economic factors. Religion, race, nationality, these have their ideologies which shape, even as they are shaped by, the economic environment. The English working man ought to feel, on the Marxian hypothesis, that he has more in common with the American working man than with the English capitalist; yet the fact remains that, broadly speaking, he shows no sign of any such feeling. While, therefore, our interpretation of history must have its main outline set by the economic factor, it is clear that the event is misread if it is seen entirely in those terms.

Every stage, moreover, of the tactic of revolution as Marxism conceives it, is dubious in the modern time. Revolution, if it is to succeed, is dependent upon three conditions. There must, first of all, be a revolutionary class-consciousness; there must, in the second place, be a strong Communist party to take advantage of the situation; and it must, thirdly, be directed by leaders with the courage to will, the eye to see and the resource to maneuver. Revolution, in other words, will only be successful in some such situation as that of Russia in 1917. There must be the burden of widespread and intolerable wrong; the machinery of government must have broken down; and the army must have abandoned the side of the capitalist. Such a situation is only likely to be the aftermath of unsuccessful war. And even if, in such circumstances, the revolutionary party seizes power, there are no guarantees either that it will maintain its hold, or that it will secure the end that Marx predicted. It could not

do so in England unless—a very dubious thing—it was able to maintain the food supply. It could not do so in America unless it was able to control communications which stretch over 5,000 miles of difficult territory. And those who thus seize power may well, like other revolutionaries in history, devote its use to other ends than the original end. A dictatorship may begin by aiming at the interest of the proletariat and end by aiming at the interest of the dictators. That has been seen before in history.

UNWISDOM OF VIOLENCE

We have also to remember a thing of which neither Marx nor Lenin took adequate account. The weapons now at the disposal of violence are more catastrophic in their nature than at any previous time. Applied intensively, or over a long period, they may destroy exactly the machinery upon which the successful consummation of the revolution depends; they may even make impossible the maintenance of civilization. We have also to bear in mind the qualities produced, both in governors and governed, by a long habituation to methods of violence. It is difficult to see that a régime which, like that of a proletarian dictatorship, is avowedly built on the use of hatred and fear and calculated relentlessness can give birth to a society distinguished by fraternity; and that for exactly the same reasons as lead the Marxian to deny that a common interest can be born of the present society. The cost, in a word, of applying the Marxian formula of conflict may well be the impossibility of attaining the ends that Marx himself had in view.

Another aspect of this problem must be emphasized. For Marx, the inevitability of violent conflict is simply the logic of history. It is the business, in his view, of ideal right to show by its might that it is right indeed. But an argument of this kind will justify a fascist revolution no less than a communist one. It will validate the effort of any body of men to whom the means, whatever they be, justify the end in seeking to realize their purpose. Marx's answer to

this view is convincing to Marxians; but it would not be convincing to Mussolini. And to the student of history who remembers the narrow margin by which the victories, still small, of toleration and reason have been won, a frank surrender to a deliberate philosophy of violence in which the battle is to be to the stronger without regard to the end they seek to serve, must, inevitably, sound like a betrayal of civilization itself.

Nor is it yet fair to predicate that social justice is unattainable peacefully through the normal channels of representative government. Marx himself suggested that a peaceful transition was possible in England, America and Holland. That in western civilization the standard of the working class has enormously improved in the last hundred years is simply incontrovertible on the facts; that, in Europe at least, working-class parties are in sight of power is equally undeniable. It is, of course, true that the abolition of the class structure of society by such governments is a long and arduous task which can in any case only be accomplished piecemeal, and may conceivably be resisted by other classes in the state. But to the first point it is a sufficient answer that, even under a proletarian dictatorship the period of transition is, if Russia be any index, a very long one; and, to the second, that if a working-class government were resisted, it would combat its opponents with all the advantages of the machinery of the state on its side. The effort at constitutional transition, in other words, loses nothing by being attempted; and much may be lost by its wilful and deliberate abandonment.

Another point of importance may here be noted. The Marxian philosophy predicates inevitable revolution in the interests of social justice; and the principle by which social justice is distinguished is that each is to give according to his powers and to receive according to his needs. It is worth while insisting that, eloquent as this sounds, it means precisely nothing capable of exact definition. We can say when a man is working well in terms of another's production; we can say when a man has adequacy in terms of some com-

mon minimum. But immediately we leave such a realm of broad proportions, the formula is not helpful. The equality, in other words, at which Marx aims is at no point a simple thing as a process of attainment. It is built, if it is to be successful, in terms, above all, of being rewarded, so that the social function they perform may be adequately fulfilled rather than at the level Marx and, in the early days of the Russian Revolution, Lenin, assumed to be desirable. And immediately we begin to think in these terms it is obvious that social relationships are complex and not simple in character. Marx is as undeniably right in his insistence that only social control of the means of production will produce an adequate society, as he was wrong in his belief that conflict necessarily and automatically gives rise, in the end, to harmonious social control.

PROLETARIAN DICTATORSHIP

It is worth while, too, to remember—and the experience of Russia has only reinforced this truth—that a dictatorship, whether or no it be proletarian, is in simple fact the exchange of one tyranny for another. For Marx, of course, the difference was important that the proletarian dictatorship was conceived in the interest of all. But it is at least a sufficient answer that no dictatorship can ever fully respond to the wants of men except when those wants are freely announced; and it is, after all, the declared purpose of the dictatorship to prevent such announcement by suppressing the views and movements alien from its own conception of what men ought to want. It is not, of course, a new thing in history to force men's minds into a Procrustes' bed of preconceived ideas. Calvin sought that at Geneva, the Jesuits in Paraguay; and however large the new Presbyter may write his old priesthood, he is eventually doomed to the same failure as they. For, over a period at least, no human mind will suffer the tyranny of Procrustes.

Yet, when the last criticism of Marx has been made, no society can afford to neglect the seminal truths contained in

his philosophy. No state can survive without conflict where there are vast disparities of wealth the distribution of which cannot, as in our own, be referred to reasoned principle. No state, either, can rightly order its life so long as the fundamental instruments of production are the plaything of private gain. There is not, either, any likelihood of effective social and political liberty in a state save in so far as there is effective social and political equality; and these, in their turn, are a function of economic equality. The future of our society depends very largely upon the willingness of those who now control the instruments of production to make large concessions to the proletariat. We have among us, not less truly than in Disraeli's day, the two nations of rich and poor; and it is the elementary lesson of all history that a house so divided against itself cannot stand.

Nor must we blind ourselves to the fact that, building upon these truths, Marx was right also when he argued that no class, at least so far in the historic record, has been willing peacefully to abdicate from its power. The famous warning of Matthew Arnold, "choose equality and flee greed," has a lesson for ourselves even more urgent than when he made it. For the power of the Marxian philosophy comes, above all, from the appeal it makes to those who see the strength of its affirmations. It is the inevitable creed of men who suffer from economic oppression. It draws its nourishment from every refusal to act with justice and generosity. It is fed by the conflicts which, at every margin of civilization, haunt our lives with the instinct of coming disaster. National hatred, economic war, racial antagonism, religious conflict, to all who suffer the results of these, the message of communism is real and it is telling.

Nor are the simple formulae of repression adequate to meet it. The Marxian faith is held by its adherents with an intensity as passionate as ever moved the protagonists of a religious creed. They have the spirit of the early Jesuits, the temper of Cromwell's Ironsides. The answer to them lies in the proof, not merely that social reform is practicable but that its results can be as profound as the promise of

those who belittle its prospects. Change, in any event, is inevitable; for, at least in matters of social constitution, we confront no eternal Absolute that is beyond the power of Time. We confront, above all in Europe, demands for social justice which are not likely to decrease in volume or intensity; and every arrest of their satisfaction merely strengthens the forces of disruption. Marxism, with all its errors, both of interpretation and prediction, responds to something fundamental in the heart of the ordinary man. It postulates the coming of a state which, as it prophesies, will lie ready to his service. It explains for him the failure of his own life to be rich and harmonious and full. He has not the time nor the energy to test the consequence of applying the formula of conflict to a world which has need of the formula of cooperation. He sees only the obvious disparities in our way of life which the Marxian philosophy emphasizes; and when the communist draws Utopia upon his map he is human enough to have faith in his direction. We shall not answer Marx by telling him that it is intellectual error to pursue that road. Our task is rather the proof that the hill can be breasted by a different and easier path.

CHAPTER VII

NEW BASIS OF SOCIALIST APPEAL

By Bruno Lasker

SOCIALISTS propose a social reorganization which will ensure greater personal happiness for all. It so happens that in those countries where socialism had its birth, and where it has made most progress in theoretical and tactical development, the majority of the people were poor and oppressed. The vision of a new society in which the concerns of the masses should outweigh those of individuals or of the privileged few naturally appealed to those without power and without opportunity. Thus, though at first promulgated by middle-class thinkers, the socialist movement derived its strength from the working classes and, in time, became almost synonymous with the labor movement.

But in America the great majority of the people, though they are poor, are not oppressed; and their poverty is not today as degrading as was that of the majority of wage-earners in England, Belgium or Germany half a century ago. (I am not saying that there is no poverty and no oppression in this country.) Nevertheless, the socialist movement has made most headway on this continent also among those furthest away from attainment of a worthwhile standard of living. Among these again, obviously, those were most easily attracted to the ideals and aims of the movement who already had come in contact with it in the Old World; the native Negro laborer and the road worker from Sicily were less accessible to the socialist agitator than the easily organized German, the Walloon or the Russian.

American socialism never lost touch with its European sources and at times in its development seems to have followed

changing conditions in Europe more closely than changing conditions here. Even today one occasionally detects something a little exotic in popular socialist literature, items which would seem but a reflection of life in Brussells or Berlin but which here seem grotesque exaggerations of things that are true only of extremely limited environments and for very small minorities. Obviously such an admission as this does not question the validity of socialism as a theory and as a movement applicable in America. The European backgrounds of a large section of our population are as much a part of the situation here as the effects of Negro slavery or the country's physical characteristics. But both in our ethnic and in our economic relationships old bonds are growing weaker; fewer and fewer people recognize themselves as the dismal slaves drawn by the agitator, or their boss as the fat-bellied, high-hatted capitalist of the caricature. If I am not mistaken, even the one-time appeal of *The Masses* and of *The Liberator* would be weaker today because there is less of the mentality to which it could address itself.

However, not only in its forms of expression but in its principles and policies—one might say in the temperament which it displays and encourages—socialist leadership in America is obliged to face new situations. I will single out only two of the newer conditions which, I suggest, should enter into a reconsideration of socialist programs:

First, for the great majority of Americans, secondary poverty with its specific problems has taken the place—temporarily at least—of primary poverty. Even during industrial depressions involving millions of workers, not the revolt of starving masses but the somewhat milder resentment of people who feel their standards menaced swells the ranks of the discontented who are ready for a disruption of their traditional social beliefs and attitudes. (Again, I am not saying that people do not starve sometimes during unemployment or a lockout; but I am speaking here of the major causes of social discontent.)

Second, the relative prosperity of the American workers, including the foreign-born, in comparison with the condition

of the workers in Europe, has made less influential among them than they were before the war, doctrines and examples of social and economic reconstruction from foreign sources. Thus the extraordinary spectacle afforded by the emergence for a time into office, of a full-fledged Labor party in England, hardly made a ripple of impression on the even surface of the American worker's self-sufficiency. What we need, then, in my opinion, is a reorientation of American socialism, with a slightly less self-conscious awareness of historical origins and a more emphatic insistence upon facts and trends here and now.

NEED OF PROPHETIC VISION

Especially trends. American socialist leaders have contributed their share to the devlopment of socialist theory; and they have proved no less skillful than those of other countries in the development of tactics, industrial and political. But it sometimes seems as though in our midst socialism had lost something of its erstwhile vision, its preoccupation with the great society of the future. Of course, we need to be practical; we need to shape instruments of education and action to meet conditions here and now; but no socialist program has ever amounted to anything that has not lifted the discussion of political and economic issues to a higher level of awareness to social responsibility. The *really* practical socialist approach is one that *so-called* practical statesmen are likely to condemn as visionary. British labor, inspired by leaders with an almost poetical temperament, had to visualize a new world before it could win its triumphs; it was through the scientific foresight of its intellectuals that continental socialism was able to create order out of chaos in the years immediately following the war. Let us not be afraid of being called dreamers. But let us dream to some purpose!

We, too, have leaders with prophetic vision. But the American people prefer gentler voices and more flattering discourse; hence too often men of vision in our labor movement are subordinated in prestige and influence to those

who play at practical politics, who discuss none but next steps and programs that serve the immediate needs of the organizational structures of party or union. Thus socialism for some American socialists has come to mean the platform of a specific political party: of its wider philosophical and ethical significance they are oblivious. Now, if we permit our eyes to be focused too exclusively on votes and on membership, we shall probably not make much progress in the upbuilding of socialism as a force in American life. We are likely to miss opportunities for the advancement of essentially socialistic measures by keeping our attention too closely confined to organizational ends.

I propose, in the present paper, to single out two trends in American life which seem likely to affect social thinking profoundly in the days to come. Both of them would seem to require, what our German friends would call a new *Stellungnahme,* on the part of socialists—a facing of new situations with new programs: First, the attitude of people generally toward private property is changing. Second, the greater mobility of the American wage-earner is creating a more receptive attitude toward socialist teaching.

CHANGING ATTITUDES TOWARD PROPERTY

American socialism rightly makes much of the need for public ownership on those occasions when the exploitation of important natural resources in the interest of the few lends itself to dramatic demonstration. Such prominent issues in recent years have been, for example, the handing out of priceless sources of water power and of nationally owned oil wells, forests and public lands to private individuals and corporations. Moreover, through press, platform and pamphlet, socialists lay bare other cases of profiteering where the interests of both wage-earners and consumers clearly need the protection that can be secured only through public ownership in one form or another. Just now, an increase in the control of private corporations over the conveniences and fortunes of the many, offers many such opportunities. What

is more, the power of these interests is no longer that of price-fixing alone, but because of changes in the relation between the ownership and the utilization of commodities—it tends to be continuous. Let me illustrate: An aluminum trust may mercilessly exploit those who need aluminum ware; but its power ceases the moment the purchase is made. On the other hand, the user of a transportation service is under daily threat of a reduction of schedule, of more crowding, worse cars, higher fares and fewer conveniences. The fact to be noted is that in our relations as consumers to producers of commodities and services we are tending to be more and more in the position of the commuter toward the railroad company and less in the position of the outright purchaser of merchandise.

A hundred years ago, the moderately well-to-do American could not have enjoyed life without that complete power of disposition over nearly everything he used which only private ownership could give: He owned his house and grounds, all his utensils, books and instruments, his horse, his table service and, sometimes, his servant. Today the rich man is as likely as the poor to live in a rented apartment and to entertain his friends in public places (unless a caterer provides everything from tables and spoons to liveries.) He enjoys the public park, hires horse or automobile (which may also be owned during part of his or its life), subscribes to concerts and libraries and—not occasionally but constantly—uses the conveniences of clubs and hotels, of restaurants, hospitals, museums. He may have a permanent mortgage on a country home and borrow from the bank for current expenses.

More striking still is the gradual shift from the individualistic basis of ownership in the less affluent citizen's use of commodities: In addition to some of the services named, he uses many others on the share principle and on hire. But even more striking in his case is the extent to which part-purchase and loan are taking the place of outright purchase and ownership. I only mention in passing the diverse forms of insurance. More significant seems to me the spread of the instalment plan of purchase from houses and lots—in

itself relatively recent—to cars, furniture, musical instruments, tools, domestic implements, rugs, false teeth, medical service, jewelry, furs, funerals, stoves and every kind of investment. Can the man or woman who is surrounded with borrowed objects, and objects only partly paid for, have the same pride of individual ownership which in the past was the hardest psychological obstacle to a socialized point of view? Can the American woman of today have that feeling for her home that her grandmother had for the unchanging domestic interior of her married life—or that the immigrant has for her embroideries and her feather-bed, lugged all the way across the seas? And can the worker who shifts from job to job have pride in good clothing that must be carefully preserved during the change of seasons? Can the crowded apartment dweller be a collector of books? Maybe the answers are not as obvious as they seem to those who are able to look back a long way or to make intimate comparisons between the American worker's mode of life and the European's. But the change in the average American's ideas of comfort, entertainment, prosperity, whether you consider it rapid or slow, is not a transitory phenomenon; it is the beginning of a revolution in standards of living.

Of course, the consumer's attitude toward the ownership of the things he uses is as yet one of indifference rather than of awareness or criticism. It is only gradually that he becomes conscious of that loss of control that is implied in shared ownership. The motive of power that has traditionally expressed itself in acquisitiveness is taking on a larger choice of forms; but to the average man the contrast between "have" and "have-nots" still expresses what he recognizes as differences in social control. The occasions for aiding that recognition are those on which the faults of the system are personally experienced by many. Let the landlord become too neglectful, and the tenants will be ready to organize, either to win concessions or to assume a measure of control for themselves. Let the lender become too usurious, and the demand for credit institutions under social control—whether public or cooperative—will become irresistible. Let the services ren-

dered by a public utility corporation become glaringly inefficient or heedless of the clients' rights, and even confirmed individualists will call for at least a measure of public control, if not public ownership. Soon the infringements of the consumer's rights under the instalment purchase plan will make themselves felt with similar results. The house purchaser whose taste is disregarded by the builder because as holder of the second mortgage he expects to get the property back for a second sale is about ready to rebel. The financing of instalment purchase by the greatest automobile concern in the world places a power into the hands of the producer which, with the slightest misuse, will precipitate a nation-wide inquiry.

The opportunities for socialist teaching and for effecting organization for socialist measures of defence are thus becoming more numerous. The recent report on funeral costs is a case in point. The average American in the past would not have stood for public cemeteries and public funeral arrangements—such as many European municipalities offer with the utmost efficiency, dignity and saving in cost. But he is readier today, because of his more recent experiences, to accept the substitution of some form of socialized ownership over the uncontrolled profiteering in the sale of funerals and cemetery lots. Similarly, our experience of medical services, both in city and in country, is gradually reaching the point where the individual neither will nor can insist as strenuously as he did in the past on his right to a completely individualistic choice and relationship with the medical practitioner and the medical institution. Industrial insurance and company health services, and not least the organizational needs of great medical and nursing associations and institutions, have paved the way for a more friendly reception of health insurance plans under non-commercial auspices. Somewhat related is the lessening individual control over social service agencies brought about by the pooling of resources and administrative machinery by rough community chests. In making the support of these agencies a matter of appeal to all groups in the population, they are inviting a demand for a

share in their control on the part of those who are most apt to use their services—i. e. of hospitals, employment bureaus, visiting nurse systems, recreational centers, and the like. If that demand should be denied, if the control should remain in the hands of the larger givers, fair-minded people will recognize the justice of the claim that all such agencies must be administered democratically under public control and, where large investments are involved, as in the case of institutions and insurance or pension funds, in public ownership. In other words, in these affairs that touch every home the logic of events is making for a larger recognition of the social stake in economic relationships that have traditionally been permitted to remain on an individualistic basis.

It will be apparent that the trends which I have sketched facilitate the socialist approach. But the task of substituting a social viewpoint for the present laxity of the average citizen's interest as to the character of the powers that control his life as a consumer is one for a long-range program of education. In part, it has to deal with subtle changes in experience that but slowly dawn upon the consciousness of people; in part it has to deal with very elementary matters indeed. The situation in which the individual finds himself today—his exploitation by a score of monopolistic industries and utility corporations, his systematic misinformation by huge propaganda machines, his bamboozlement by "style" setting industries and "scientific" advertising that plays upon his vanity or fear, in short, the illusory nature of the consumer's power of choice, is becoming daily more manifest. Yet, an intensive socialist campaign dealing with these details of daily life would speed the necessary process of education; especially if it introduced techniques that pierced prejudice and misrepresentation and which, while appealing to intelligent self-interest, did not lose sight of the social spirit that exists everywhere, mixed in with selfish motivations.

MOBILITY AND SOCIAL ATTITUDES

The second of the two trends which I undertook to discuss, mobility, is, of course, to some extent an explanation of the first: Increased mobility means a lessened advantage in the possession of many forms of private property. For example, it has become a commonplace saying that a mortgage on the home makes the investment safer by facilitating a re-sale in case of removal. But mobility has many other psychological effects of interest to the socialist; and the most important of these, perhaps, is the lessened significance of land ownership in the total economic scheme.

Land fulfills two functions: it is a source of raw materials and, as the scene of human life and action, it is indispensable to human existence. In a primitive society, especially where a sparse population spreads itself over a large, rich area, the desire for private ownership of land might never arise. Even communal ownership is more in the nature of joint control over the uses than of joint control over the disposal of land. Increasing population and decreasing marginal utility make the permanent possession of specific land areas an object of strong human desire, until (with Roman law) the right of land ownership becomes the very basis of the whole legal system. Yet, while looking back we can discern the beginnings of private ownership in land, it is too often assumed that henceforth, with the prospect of an even greater density of population and an even fuller utilization of the earth's surface, land values will of necessity remain forever the primary determinants of economic values. This seems to me an unjustified belief if we take into account the increasing mobility of man and the increasing extent to which he is able to avail himself of both the commodity values and the site values that exist below and above the land surface. We are already accustomed, in some of our larger cities, to see land values determined by subway transportation facilities. (In one or two places in New York, traffic moves five layers deep.) With the increase of aerial transportation, we shall

probably see suburban residential—and satellite industrial—site values become somewhat independent of distance from the centers; for, regional population units are not likely to increase in dimensions at the rate at which advances in overcoming distance will make new land areas available for these purposes. The demand for land will distribute itself even more widely as we learn to a larger degree to assimilate conditions of climate, soil and topography. Increased ability to live in tropical and arctic regions, increased success in spreading the production of natural products which hitherto have been characteristic of given limited areas; and above all the larger willingness of folk to move toward economic opportunity instead of waiting for opportunity to knock at the door, will play havoc with the traditional relations between different types of economic values.* Not only has science made possible the colonization of previously uninhabitable areas; but man's willingness to move from the habitat of his fathers—and increasingly from the scenes of his own

* More distant, but by no means negligible even in our own time, is the growing proportion of natural commodities obtained below and above the land surface. In Germany, if I am not mistaken, the greater part of the nitrate used in fertilization and in industry is won from the air. (A truck gardener told me that he might just as well carry on his establishment on an asphalt pavement as on any particular site, as he has to make his soil anyhow.) In America, building and the manufacture of furniture are increasingly doing without timber. The variety of mineral oil and coal products that enter into every-day uses is amazing. Fabrics of many kinds contain ever larger proportions of metal. Office and household implements are almost entirely made of metal. Vegetable dyes are being replaced by mineral ones. We travel in steel cars over steel bridges. Traction animals have all but disappeared from our larger cities. Even a wooden cigar-box is sometimes difficult to get hold of, and the cigar-lighter replaces the humble match.

It must be obvious to those who are observing this trend of substitution that we are as yet only at the beginning of a development which gradually will extend to the uses of mineral matters not yet of any value, to the harnessing of the sun for hitherto unthought-of purposes and, eventually, to the subterranean production of food. This actual and potential addition to the sources of raw materials from the scientific exploitation of the land's sub- and super-strata is both a cause and an effect of the greater mobility of man.

early vocational experiences—provides the occasion for the scientific pioneering in the conquest of heat, cold, pests, and other causes of disease and discomfort.

However, it is not only in its relation to land values that the great increase in mobility which we are experiencing affects social theory. It also makes for greater human efficiency and, therefore, for the production of more wealth. It is becoming ever easier to shift men to places where their presence will be economically more advantageous. While the boom was on in Florida, for example, contractors, wholesale houses, retailers, hotel proprietors, restaurateurs and the purveyors of a thousand services, from telephones to window cleaning, found it profitable to bring an army of workers into the state. When the boom was over, these enterpreneurs transferred their exertions somewhere else and created a corresponding demand for labor in new centers of activity. This transference means that labor is employed where, at the time, it is more profitable to employ it. New levels of wages are set to attract workers from the less to the more profitable occupations; or, correspondingly, at a time of falling real wages, the decline of the curve is rendered less steep. (This happens, for example, though on a very small scale, when some thousands of unemployed British miners are sent to bring in the Canadian harvest.)

Mobility also creates a more rapid transfer between occupations for those of no special training or skill. The substitution of unskilled and semi-skilled for skilled labor in certain industries would, offhand, seems to make for greater residential stability by giving laborers a wider choice of occupations and jobs locally. But in the long run this tendency is counteracted by the psychological effect of vocational instability. The man who more easily changes from job to job also more easily leaves the neighborhood and the town.

Increased mobility also supplants old forms of prestige with new ones. For example, it is in many communities no longer the size of a man's home, but his vocational status and the exclusiveness of the clubs or fraternal orders to which he belongs that place him socially. Or, in a humbler sphere of

life, the wage-earner is often less influenced in his expenditures by the neighbors' standards than by those of his particular set. Permanent and continuous residence in a locality, moreover, is no longer a prerequisite of social or political leadership.

I have been able to indicate only in briefest form some of the effects of the greater human mobility which seem to me to influence social attitudes in a direction favorable to the eventual acceptance of socialist theory and programs. In its present phase, the trends described seem to have produced here and there changes in habits, even new attitudes toward personal property and a growing disposition to think lightly of large and visible possessions as ingredients of the happy life. But they have not as yet produced a decidedly socialized attitude toward property. The little vine-clad cottage with its rose garden has become a stage-prop which may be set up almost anywhere; yet as a reminder of a past golden age it lingers on, and no new symbol has come to take its place. Cities change so rapidly in character that even the conservative small investor has come to realize the hazardous nature of individual home ownership, even when partially safeguarded by zoning laws. But he fights shy of any public housing schemes. There is cynicism in the air, but no passion for reform and social reconstruction.

Larger opportunities of contact—and this seems to me the essence of the matter—are gradually opening the average man's eyes to his rights and wrongs as a consumer. The social attitudes of the wage-earner have in the past most largely been determined by his concerns as a producer. The literature of socialism is preoccupied with problems of labor. As consumers, Americans of all classes have been nonchalant; they have permitted private interests to exploit them even when they fought like lions for a larger share in the product of their labor. That one-sidedness of economic interest is, I believe, destined to vanish.

Already we have promising beginnings of a systematic attempt to direct what is now largely a cynical awareness of being robbed into channels of purposeful defensive organiza-

tion. The labor banks are an example in point. So is the provision of various social services by some of the more progressive unions. So are the new experiments in consumers' cooperation. So, above all, is the organization of public opinion on behalf of specific projects of public ownership and control. And the attention which exponents of socialism have recently given to the subject of the public utility corporations in their economic relations with the consumers show that the educational opportunities for making a current interest the starting point of questioning the whole social order are not neglected.

This educational program is ripe for considerable extension. Before it can be much extended, however, there will have to be a larger measure of agreement among socialists concerning a subject which I have but lightly touched upon—the respective spheres of consumers' cooperation, municipal and state ownership and other forms of social control. Possibly we have yet to invent new forms of social control to combat new forms of exploitation. Nothing but thorough research and hard study will indicate the best modes of meeting usurious instalment-purchase plans and fraudulent hire and lease contracts. All these new ventures, experiments and projects, to be effective in the largest way, will have to be permeated with a truly educational philosophy. Not perfection of methods—in the administration of a socialist labor union or one of the newer forms of organization—counts for most just now, but the use of methods that strengthen the sense of solidarity and participation among the rank and file.

Fundamentally, the task remains ever the same; but in each age changing conditions and opportunities, especially changing psychological trends, create new demands upon the resourcefulness of socialist leadership. The ethical idealism of the founders still is the dynamic that moves us on to new conquests; to socialize desires and aspirations throughout the texture of society will test the gifts of the greatest men for many generations to come. All we can attempt in our time is to deal intelligently with its specific problems and to keep the torch burning.

CHAPTER VIII

NEXT STEPS IN AMERICAN SOCIALISM

ON THE NEED OF A CLEAR ORIENTATION

By J. B. S. Hardman

I NEED not emphasize that I know of no "next steps" that would lead the socialist movement of the United States out of its present impassé. Nor do I think that any other person here or elsewhere knows. The socialist movement, including under this term all varieties of radical orientation and outlook in the United States, admittedly, is in a state of suspended animation. There is no point in exaggerating the pre-war strength of the socialist movement. Our movement was never strong in the sense of possessing power, or of finding itself in close view of acquiring power. But the movement of the pre-war years had self-confidence and it was hopeful. Though it had never looked formidable to those on the outside it commanded their respect. What remains today of the movement of old seems neither hopeful nor inspiring. If we frankly admit this sad state of affairs and attempt to look for remedies in our imagination instead of in our memory, it is not impossible that we may make headway. The task ahead of the movement is to restore its attractiveness to the outsider, to the uninitiated, to reconstruct its inner strength and intellectual quality.

The paradox of the situation is that socialist organization in this country has been losing ground at the same time that socialism as an intellectual force and as a social factor has been on the upgrade all over the world. Obviously, the problem before us is not one of reconsidering our basic premises but one of checking up our means and methods of propa-

gating socialist organization with the changed environment within which we operate. We must first bring our house in order, and then devise adequate means of getting others to join with us in our socialist activity.

With regard to the first aspect of our task we should leave no doubt as to who we are and what we stand for. By this is meant not an excursion into the wilds of general socialist theory but a clear-cut outline of our sphere of competence. There is, on the one hand, the inclination, in certain parts of the movement, to overlook the line of demarcation between socialism and liberalism. On the other hand, we have in our midst those who refuse to draw a clear line of organizational division between socialism and trade unionism. The political party muddle of 1924 was but one example of what the disregard for the essential difference between socialism and liberalism was likely to lead to. The socialist and communist champions of La Follette, in 1924, were the ideological parents of the Smith-orientation of so many socialists and communists in 1928. On the other hand, we have had the bungling behavior of both the Rights and Lefts in the trade unions, which caused the worst conceivable setback of the whole radical movement. The Lefts have made themselves the nuisance of the movement because they never knew what was their job and what wasn't. The Rights of socialist persuasion have done the fool's job for the reactionaries, by unconditionally surrendering their socialist birthright for the questionable privilege of fighting, alongside with the reactionaries, the silly communist antics in the trade union field. They have strengthened the reactionaries and hurt themselves badly.

The task and the competence of the socialist organization should be drawn clearly and boldly defined before any concrete building is begun. There is the political road to follow in the first place. Mr. Harold J. Laski's interesting paper dealing with the political aspect of the problem offers the general outline of a political program for American socialism. And pointedly the paper concludes with the suggestion that the most pressing issue, for the present, is the building up

of an organization for the movement. While it is undeniably true that political success would greatly enhance a socialist organization, it is also clear that chasing after political rainbows is a less dependable method than building from the ground up. The immediate need, then, is of sound thinking and reliable information about the direction of the movement. On this point there is least clearness. Too many among us have been taking the socialist course of development for granted. But socialism is no fixed entity. There is nothing Messianic about it, that we may comfortably hope for. Socialism is the resultant of all the forces in operation in organized society. We must ascertain the nature, the strength and the direction of these operating forces. With nothing less than that can we approach our social-engineering task.

We call ourselves scientific socialists because some seventy-five years ago the forerunners of the modern movement chose to bank their efforts on a study of facts rather than be governed by wishes and daydreams. But in these seventy-five years, since the days of Marx and Engels many a thing has happened, and our chances at success are nil if we mean to use our venerably aged but decidedly meager weapons of seventy-five years ago against twentieth-century post-war capitalism. Yet that is about what we have been doing, the communists with a vengeance, the socialists grudgingly, but everybody doing the same. By this criticism I mean specifically the following:

We speak in terms of capitalist bankruptcy and its eventual breakdown as if the World War experience never happened and the immense regenerative capacity of capitalism had not been demonstrated.

We make our appeal to the would-be enraged sense of justice and democratic fair play, of the fair-minded and the young as if the whole present generation did not accept strong arm leadership with glee and enthusiastically;

We take working class solidarity for granted and look to trade unionism as inherently socialist despite the turn

the other way that trade unionism has been making since the war even in the classical countries of socialism, as for instance, in Germany;

We receive gracefully and inactively the blows our materialist and somewhat mechanistic philosophy has been receiving at the hand of the new psychology and the latest scientific discoveries of the physiological essence of man, and we remain intellectually disarmed;

We disregard the dent in social classification made by the development of modern technology and still cling to a rather primitive assignment of roles, in the social play, to the working man, to the professional intellectual, to the white-collar slave, to the woman.

We must ascertain just where and what we are about in the light of our own day. We must not wander in the voids of an uncharted social sea. In order to meet the intellectual end of our task the following are suggested as pertinent Next Steps in American socialism:

1. A study of the nature of American capitalism in its post-war phase;
2. A study of the nature of political action within the industrial and psychological setting of the people of the United States;
3. A study of the trade union movement under the conditions of our expanding post-war capitalism;
4. A study of the American youth.

All such studies may be initiated in New York City but their objective must be the people of the United States. It may be pointed out that the socialist movement is not a scientific academy, that we are a party of action. That is true, but it seems as if in the present stage of the movement, thought and study are very essential forms of possible action. We must study our own American capitalism and the shape it has taken on since the war and we should be able to assess the influence of the Russian revolution on our movement. It may be in order to scold the communists, individually and collectively, for the sins which their leaders have committed and which resulted in the breaking up of various

units of the movement, but we should not overlook certain constructive features of their largely destructive work. Communism has dealt a deathly blow to socialist complacency which, toward the end of the pre-war period, had made the socialist movement either an immobile church or a stale bureaucracy, and in some cases, both. There can be no return to pre-war socialism. In the measure as capitalism has changed, socialism, its counterpart and historical Nemesis, must be changed. So when a study of vital changes in our industrial and intellectual structure is suggested, it is not that we are called to go to school. If there is the possibility of such misunderstanding, then the slogan should really be: "away from school." We are invited to study life.

We proceed from the assumption that socialism is the resultant of a number of forces, and we must locate the general direction of this resultant. We must know where these forces are driving our movement to, so that we may join our own forces and become operative, consciously instrumental to progress, capable of purposive action. Stuart Chase and a few others have done an admirable piece of work in fixing certain shady sides of capitaism. I am told Harry W. Laidler is preparing a study of our capitalism as a whole. That is good news. We must not forget that in the United States capitalism is still a progressive force, economically speaking. That sounds heretical to the socialist ear, but really is not. It is only true. Capitalism is a progressive force not because capitalism may propose a number of measures which coincide with our conception of what is progressivism, but because capitalism is capable of paying its workers a living or a near-living wage without denying huge dividends to its stockholders. That is a very important fact. Capitalism cannot "collapse" as long as the majority of the people are kept above the starvation line. True, there are several million people in America who are badly underpaid and that number may be showing a tendency to grow. But, all statistical averages notwithstanding, it seems that, for the present at least, the majority of the people have not yet arrived at the conclusion that they cannot proceed unless they smash

all the windows and the very walls in the house in which they live. That knocks the bottom out of any policy or strategy which bases its course on immediate collapse, and that is why the communists have been so miserable a fiasco in the United States. Socialists do not believe in "immediate collapse" but they have not provided any tactical line other than the one premised on such belief. Some go to the other extreme and become indistinguishable from the social reformers of the liberal type.

We must regain the respect which the movement has lost and this is another essential condition of growth. It is the business of the socialist movement to be interesting, provocative, attractive. The membership of the Socialist party before the war and the revolution abroad, exceeded the 100,000 mark. But a relatively small group of people would stay in the movement for any considerable time. There was a constant flux, membership joining and quitting. However, the income exceeded the outgo. The movement had a balance. Since the war we have been losing continually. The Communist party has shown no greater retaining capacity. What is most disturbing is the fact that no young people, not any number to speak of, have joined the socialist or communist movement in the last decade. The reason why the American working and intellectual youth is indifferent to our movement, when not directly hostile, and why so few remain with us any length of time, is the unattractiveness of our movement. We are not an interesting movement, in fact, though we stand for the most exciting ideals.

We deal in future values. We are on the unpopular side. We represent an attack upon nearly all things that are commonly accepted as desirable and worthwhile. We cannot offer our wares in the intellectual market unless we make them challenging and, if you will, fascinating. The intellectual rebellion against present-day complacency, against the injustice, the social stupidity of the régime of capitalism, if properly presented is bound to call forth a sympathetic reaction in the young and strong elements of the working and studying youths of the nation. Particularly so if we

should offer a policy of action and an ideal of militant aggression.

The professional old-timers will object to this emphasis upon the intellectual aspect of the movement. It will be stressed that we are a working class movement. But there is no contradiction in this. The trade union movement itself, with its basic appeal to the economic interests of the workers in the shops and factories does not bank on its economic appeal only. The lack of vitality in American trade unionism is in no small degree due to the visionless policy of most of the American trade unions. Think of the low percentage of organized workers in our basic industries. It is not a pessimistic statement to make that benevolent capitalism may seriously retard the growth of the economic movement, and capitalism makes no virtue of ignorance. Capitalism is willing to learn. Trade unionism, in order to live, must be vital and to be effective it must develop a line of attack based upon more than wage consciousness. Surely the socialist movement, which has no way of offering immediate economic gains to its adherents, in the form of wage increases, must find a better way of arousing people to the truth of its ideas than reference to holy texts and statistical tables. But are we equipped well enough for that task?

The gist of the suggestions made may be covered by an organization similar to the English Fabian Society. Of course, if Fabianism stands for slow movement, ours ought to be of the rapid transit sort, to meet with American needs and match our love for speed. It will be argued that the socialist movement which recruits its adherents from the working class cannot be limited to a sort of a learned society. This is true. The movement must combine its appeal to the mind of the people with an offer of an outlet through activity. For all that there is political action; that is, electioneering, presentation of programs, concerted drives for specific objectives. Obviously the socialist movement cannot call upon the people of the United States to undertake a social revolution. The people are not very keen about starting one. So efforts at immediate ameliorative achievements are in order, but

these activities should be related to the wider outlook and objectives of socialism, and we must find a way of doing it effectively. The recently advanced idea of enrolling the socialist voters in a sort of a mass party, it seems to me, is a good way of tackling the problem; the next best approach to efforts in the direction of a Trade Union Labor party. The handling of the socialist press, and what may be vaguely described as general labor propaganda in all its forms, which is the function of the socialist movement, must be brought in line with the great changes in the popular mind which took place in the last decade. If we know what we want and if we build a movement that is interesting, attractive, and intellectually alive to the realities of the age we may have a fighting chance under the conditions with which the movement is confronted and of which we are obliged to take cognizance if we mean to succeed.

SOME IMMEDIATE DEMANDS

By Jessie Wallace Hughan

In the discussion on the socialist state we were led up into a high mountain, from which we caught a Pisgah-sight of the cooperative commonwealth—what it will look like when it comes. In this article we will forget Utopia and come down to the prosaic and practical. Yet I do not want to forget for a moment the vision that Dr. Laidler and others have set before us, for it is *there* that we are heading—but not in an express train. *Our* train is labeled—"For Utopia and points between."

A few months ago I started on a long journey—to a destination that meant romance and the unknown—to far-away China. If I had had the wings of a dove or a Miss Earhart, I might have got there in one stupendous hop; being an ordinary earth-going mortal, I took it gradually, and my first stopping-place en route to the mystic East was prosaic—

every-day Pittsburgh. And an interesting point to me is this—that for years I had wanted to go to Pittsburgh, but had always gone somewhere else instead, until my greater desire for Peking brought me incidentally a day in Pittsburgh. So I believe not only that the next steps are necessary to our arrival at the cooperative commonwealth, but also that the cooperative commonwealth is necessary for our arrival at the next steps; in other words, I believe that we socialists, who aim at certain definite reforms as way stations on the road to Utopia, are more likely to achieve them than the liberals, who make reforms in themselves their goal, and more likely to achieve Utopia than the communists, who scorn to travel by anything slower than a non-stop express.

It is in the light of our goal that I will attempt to answer the common sense question: What would socialists do if by some miracle they should achieve this year a working majority in all our departments of government, local, state and federal? And the second common sense question: If no miracle takes place, but the Socialist party scores the degree of victory which is all that our modest candidate allows us to hope for—can this degree of success be really utilized to move us a mile or two further toward the commonwealth of our dreams, or must our rejoicing, like that of the communists, be limited to the realization that the working class has shown itself a little better prepared for the day when it will hold the controlling power.

From the socialist platforms of this and other years, and from the record of such officials as we have from time to time elected, I have no hesitation in saying that we can predict with surprising accuracy just what the Socialist party would proceed to do in the case of a sweeping victory (if not struck senseless by the blow).

POLITICAL REFORMS

It is safe to say that the socialist government would immediately initiate legislation along six different lines, the

nearer end of each line so clear to all eyes that the liberals will gladly join us, but the farther ends of the lines converging in the cooperative commonwealth.

The first of these, because all the rest depend upon it, is that of political reform. All decent people desire it, but the Socialist party is the only one that can bring it, because it is the only one that involves no favors to or from big business. Reading has already started a city clean-up; Milwaukee, under socialist administration, has grown in eighteen years from one of the worst governed cities in the United States to one of the best. Beginning with such simple measures as voting machines, proportional representation and the referendum, our government can move steadily on, always embodying the last word in popular rule, and always in harmony with American ideals, until it reaches a pure democracy.

INTERNATIONAL CHANGES AND CIVIL LIBERTIES

The second set of measures has to do with international affairs. I place these early in the order of importance, much as we place fire insurance early in household economy, because we have now learned that a single war puts back the hands of progress inevitably for a generation and conceivably for a thousand years. Here again the first steps lie before us, in the 1928 program. Take the marines out of Nicaragua, decline to protect capital invested abroad, cancel the war debts, refuse further increases to army and navy. The path is clear, leading as far as socialists are willing to follow it, up to the total renunciation of war both offensive and defensive.

Civil liberties mark the third direction of advance, for only as militarism disappears can the individual hope for freedom, and only as the individual is free to think and act can a socialist commonwealth, or any commonwealth, be anything but a bureaucracy. The liberals are with us here also. Repeal the Espionage Act, curb the injunction in labor disputes, protect the Negro in his civil rights. The road reaches as far as eyes can follow it into the heights, the first steps in personal freedom providing necessary condition for economic socialism,

the last steps being themselves impossible until socialism has done its perfect work.

For the first economic measures, however, we have no need to wait. Upon the way of labor legislation our feet are already set. More radical laws regarding child labor, workmen's compensation, the shorter working day, then old age and accident insurance, shop democracy, safeguards against occupational disease—in each of these we shall have the social workers and the liberals for company. Many companions will leave us when we come to unemployment insurance, more at the minimum wage. At the meeting of these measures in the guarantee to every able-bodied adult of employment at the minimum wage, with adequate pensions to the incapacitated, only the radicals will remain with us, and at their actual coming into force, socialism will be here.

This consummation of economic freedom, however, lies we know not how far in the future. Guaranteed employment means extensive and diversified government industry, and this, in its turn, requires financing. The next legislative series lies in the field of taxation. The tariff must go, as the bulwark of special privilege and fomenter of international jealousy. Heavy taxation of the speculative element in land values must partially take its place. Beginning immediately and continuing more drastically as public opinion demands it, must come the reform of the income and inheritance taxes, raising the taxable minimum to relieve the skilled and professional workers, and bearing more and more heavily upon the super-incomes until the triumph of socialism sees their complete extinction.

SOCIALIZATION

The last set of measures to be mentioned, but a series to reach, like the others, from today to the Promised Land, deals with the process with which socialism is identified, that of socialization. As Dr. Laidler and the L. I. D. have often made clear to us, this process has already begun in such fields of labor as the Post Office and the public schools, and other

industries are quite literally ripe and over-ripe for socialization. There are thousands of liberals who would immediately vote for nationalization of those public utilities named in this year's socialist program, coal mines and giant power, railroads and other means of transportation and communication. Next in line are the larger trusts, oil, sugar, tobacco, meat, etc. As one industry after another becomes social property, we may expect the promoters to turn their attention and their capital to the trustification of new sets of industries, which as they become ripe for socialization in their turn, will fall under the ownership and democratic management of nation, state, municipality or cooperative labor group. How far the process will continue depends upon the course to be taken by industrial development. The socialist régime may be said to have arrived when a sufficiently large proportion of the field of industry has come under social ownership to make practicable the guarantee to every adult of employment at the minimum wage.

Each of the six lines of legislation I have outlined begins in the socialist platform of this year. In each group there are measures which have actually been introduced by socialist legislators. Yet the converging of these lines is as in that haunting verse of William Blake's:

"I give you here a golden thread;
If you wind it into a ball,
It will let you in at Heaven's gate,
Built in Jerusalem Wall."

To see before us the next steps in socialism is not enough if all we do is to sit on the bottom step and look upward. Even economic evolution, inevitable as it may be, can provide no more than a very slowly moving escalator, where we must use our own muscles if we have serious intentions of reaching the top. In this active sense, what are the next steps for the Socialist party, for socialists as individuals?

In the years before 1914 the American Socialist party was able to chart its course with fair accuracy after that of the efficient social democracy of Germany. For a short and thrill-

ing period after the armistice there were many among us who felt that Russia had marked out the way for us to follow. Since our definite break with the communists, however, it is generally recognized that the socialists of Great Britain in the Independent Labor party are the European group to whom we look most hopefully for leadership and inspiration.

A LABOR PARTY

Accordingly, the natural suggestion for our next step is: Why not form a Labor party with the Socialist party corresponding to the I. L. P.? There is but one answer. American socialism is ready and willing to form such a party. At the 1924 presidential election we reversed our time-honored policy by endorsing La Follette, and deliberately turned our energies for the time from the building up of socialism to the attempt at organizing a Labor party. The attempt failed, not because we did not succeed in electing La Follette, but because we did not succeed in bringing and keeping together the Right and Left labor groups for one election.

Now we have not lost our desire to come together with the unions into a Labor party. Yet in order to come together somebody must move, and the difficulty of our going out of our way to meet labor at present is that we should have to move in too many different directions at once. At present we are lifting our standard for labor to come to *us*, for the Rights and the Lefts on the economic field to come together politically in the middle and rally around the labor program of socialism. It may be that the next four years will bring a cessation of the strife that has shaken the more radical unions; it may be that they will bring a desire on the part of the A. F. of L. for political action on some other basis than that of rewarding one's friends and punishing one's enemies. Meanwhile the Socialist party is striving with more or less success to maintain, as far as labor is concerned, cooperation with all and partisanship for none—and hoping for more peaceful weather in the unions.

The step of most immediate importance to American social-

ism, however, involves less a change of policy than a change of viewpoint, the step from European philosophy and intellectualism to American sentiment and utilitarianism, from emphasis upon poverty to emphasis upon prosperity.

"AMERICANIZATION"

Movement in this direction began with the formation of the present Socialist party in 1899, when the foreign-born doctrinaires under De Leon gave place to the Hoosier 'Gene Debs. Thoroughly in accord with American spirit is the stress upon efficiency noticeable in such recent socialist writings as the Power pamphlets of Raushenbush and Laidler. The title of last year's L. I. D. symposium, *Prosperity?*, marks the change in socialist viewpoint from the pain economy to the pleasure economy, from the phraseology of the European laborer with nothing to lose but his chains to that of the American worker with his demands for a Ford and a radio.

One other element is required in the transition to complete Americanism, and that is the abandonment, at least in part, of the attitude of detached and scientific self-criticism for that of self-confident partisanship. The American people are practical but unscientific, insensitive to the stirrings of revolt, but naively susceptible to the appeals of slogan and sentimentality. The typical American is a "booster." He has no use for a movement that hesitates to shout its name upon the house-tops, or for a party that invites the public to discuss its shortcomings. Personal modesty is allowable in the United States, but never group modesty.

It is no mere passing change, but a real transition from the exotic to the native product that is marked by the shift in the emphasis of American socialism from philosophy to efficiency, from poverty to prosperity, from the attitude of the desperate defender to that of the cheerful and confident promoter of a superior article.

TALKS BEFORE AMERICAN SOCIALISTS

By Harold J. Laski

What should be the next steps in American socialism? Anything I can contribute must be read in the context of an insistence that it is eight years since I was in America; and apart from a brief visit two years ago I have had no full opportunity of re-surveying the ground. Any suggestions, accordingly, that I dare venture must be taken as those of a benevolent and interested ignoramus. No one is more conscious of this than I.

1. *Social Insurance.* My feeling is that the first step of all is to awaken the American people to a sense of the positive character of the state. They must be made to realize the intimate way in which its activities alter the inner fabric of their lives. To this end, the kind of program I should envisage would concern itself with

a. Unemployment insurance.
b. Health insurance.
c. Old age and widows' pensions.

These ought, of course, to be national in plan. But that would mean a federal amendment. Accordingly I should urge the establishment of schemes for this purpose in the half-dozen states most likely to realize their value. The American Socialist party should appoint a committee to study each aspect of the problems they involve, and present a considered report upon them, together with a draft bill to give concreteness to the results of the inquiry. It should take advantage of states like Massachusetts, where a public hearing is possible, and secure this from the legislature. The value of such legislation I do not need to emphasize. I am convinced that educationally it is of the first importance. For it convinces the average man that the machinery of the state can be used to safeguard his interests directly. He sees that it can mitigate inequalities, and that the weapon of taxation is at his

disposal for this end. If American socialism could get the idea of social insurance associated with itself in the public mind, I feel, perhaps ignorantly, that it would take a great step forward.

2. *Municipal Ownership.* I should press forward plans for the extension of municipal enterprise. In matters like gas and electricity supply, municipal saving banks, transportation, the proved superiority of collectivism to private ownership is demonstrated. To begin in this smaller field is to persuade the average voter that the extension of collectivism to larger functions is both possible and desirable. If my memory serves me right, there is already in places like Milwaukee a sufficient body of confidence in socialist administration to make a campaign for this end feasible.

3. *Reforms in Courts of Justice.* I should like to see American socialism pressing hard for a better administration of justice. This seems to involve the abolition of elected judges, the creation of the office of public defender, and the establishment of conciliation courts on the lines I suggested in my *Grammar of Politics.* I should like to see, also, the right of any person charged with an offence to appeal to a judge in chambers against the methods used by the police; and an insistence that no prisoner shall be examined by the police except in the presence of counsel of his own choosing. A campaign for ends like these, the insistence that the socialist cares intensely for the safeguarding of the humble man's personal liberty, is important. Legal processes of this kind seem small to the non-expert. But their cumulative effect on the private citizen is in fact of the first magnitude.

4. *Taxation for Social Purposes.* Pressure for higher taxation on unearned and large incomes is vital; the amount so raised to be used as grants-in-aid for social purposes, e.g., education to the states. The idea of the grant-in-aid is fundamental to the idea of the national minimum; and this, in its turn, lies at the heart of socialism. The same thing applies, *mutatis mutandis,* to state taxation of income and inheritance.

5. I purposely refrain from giving you a long list of de-

sirable measures. American socialism, if my own feeling is right, has a long period of travail before it wins in its effort to convince the average American citizen that it alone represents serious radicalism. It has to make itself felt as the alternative party to the present parties with a big, but practical program, narrow enough to capture the imagination of the average voter who has no definite political affiliations with Republicans or Democrats. I add that I feel strongly the impossibility of American political institutions today from the angle of a movement towards socialist measures. The separation of powers is the protective rampart of American individualism. Move towards a parliamentary form and you will interest the people in the legislative process. On this I have tried to say something in *Harpers* (June, 1928); and I believe the points I there tried to make are really important.

You will understand that these are merely *prima facie* impressions. I wish your question had been—how should American socialists organize themselves for their job? That, I think, is not the least problem before you. Nothing would help European socialism more than the existence in America of a strong and creative Socialist party.

CHAPTER IX

A LABOR MINORITY IN THE CANADIAN PARLIAMENT

By J. S. Woodsworth, M. P.

I COME from the mid-western city of Winnipeg. Because it is in Canada and because Canada has a parliamentary system different from your own, our experience cannot be exactly duplicated in the United States. It may nevertheless be interesting and suggestive. For seven years I have represented North-Centre Winnipeg in the Canadian House of Commons. Our Independent Labor party in Winnipeg can rely upon the support of forty percent of the voters of that City. We have our representatives on the City Council, the School Board and other elective bodies. We have three members in the Provincial House and two members in the Federal. Calgary has also sent a Labor Member to Ottawa, so we have a full-fledged group—Leader, Whip and a Party!

Industrially, Canada is more or less a northerly extension of the United States, so our labor movement, to a large extent, is an annex of the American Federation of Labor. In addition, however, we have in Quebec, French Catholic Unions; in the West, The One Big Union; and throughout Canada a movement towards a national organization.

LABOR'S VOTES IN LEGISLATURES

In the political field we have followed to some extent the traditional policy of the American Federation of Labor in refusing to take independent political action, but, with the influx of large numbers of British immigrants, and the successes of the British Labor party, there has been a growing

interest in the building up in Canada of a distinctively labor group whose members would be free from the bondage of either of the old historic parties, and responsible to labor, alone. In 1921 two of us unfurled our labor flag at Ottawa. In the 1925 election we lost one seat and gained another. The following year we re-gained the lost seat. Thus, our numbers do not show much increase, but in these seven years we have established a working cooperation with the independent farmer groups that now have a membership of eighteen. So, while we have no rigid party discipline, we can usually count on twenty-one votes, with frequent support from Liberal-Progressives and labor sympathizers in the old parties.

THE FARMERS ORGANIZE

Still votes are of comparative unimportance. Indeed it would generally be conceded that the influence of the Independent groups in the House and throughout the country, is out of all proportion to their numbers. The farmer-members represent a class that practically dominate the governments of the Prairie Provinces, and a greater achievement,—have organized the largest cooperative selling agency in the world! For the season 1926-27 the Canadian Wheat Producers Ltd. handled 209,501,478 bushels of wheat, giving a gross return of $309,746,292.32. Not bad for a "bunch of farmers!" And the farmers who have learned to market their own grain will, one of these days, manage their own affairs in Parliament.

Some socialists contend that it is absolutely impossible for farmers to take the socialist viewpoint. I would take exception to this position as far as our western farmers are concerned. Our farmers are not a peasant people nor are the farmers generally on this North American continent. But I think out on the western plains we have a rather peculiar situation. A very considerable number of those farmers were trained in the industrial movement of the old land before they came here. In that way they have the general outlook of the industrialist. Then they are using

machinery very extensively. Further than that, as I have said, they have already achieved a large measure of success in their cooperative enterprises. So much for our allies!

EDUCATIONAL PROPAGANDA

From the standpoint of labor, is a seat in the House of Commons worth while? For some years, there sat across from me a man whose election had cost him $42,000. Mine, last year cost less than $700. My honorable friend was supposed to speak for "St. James Street"—our "Wall Street." His vote counted no more than mine. If it was worth while for him to leave a remunerative business to sit in Parliament, *a priori,* might it not be worth while to have a labor man's vote cancel his?

But what can three do in a House of 245? Well, in the first place, Ottawa is a high-powered broadcasting station. Labor representatives and other lobbyists buttonhole individual members in the corridors, urging their cases. We have the right to present our cases where they can be heard. The Press Gallery, the official reporters—all the elaborate machinery of distributing the debates of the House—are at our service, and we use them to the limit! After all, at this stage of political development, educational propaganda is of greatest importance—perhaps at any stage, it is the most important aspect of parliamentary activity.

Legislation is but the party register of public opinion, and without the backing of public opinion is worse than useless. The big thing is to create and direct public opinion. We, in the labor movement, must win the masses of the people to our policies. Yes, must indeed crystallize the rather vague ideas of our own immediate supporters and inspire in them the belief in the practicability of our economic theories.

Two objects must be kept in view, the ultimate and the immediate. Properly presented, each reinforces the other. We are socialists. Our I. L. P. "believes in the establishment of a cooperative Commonwealth with production for use and not for profit, as its economic basis." But we also advo-

cate such reforms as the nationalization of the banking system, and national autonomy and such ameliorative measures as unemployment insurance and the removal of taxes from the necessities of life.

Again and again we have presented various phases of socialist theory and, on the other hand, in dealing with the many practical problems which come before the House, have tried to apply the rule, "human needs before property rights." Our correspondence files show a growing response to such teaching.

In connection with national defence estimates, with Canada's position in the British Empire, and with Canada's membership on the Assembly and on the Council of the League of Nations, there are presented many opportunities for the discussion of international affairs and of various phases of economic imperialism.

Personally I think that we will never have world peace until we have something in the nature of a world parliament with power. At the present time all the nations are jealous of surrendering their sovereignty. We must come to the position of recognizing that, in view of the present organization of the world, we must surrender material sovereignty.

What the Labor representatives say in the House may in itself produce little effect, but we are able to force the pace of the other members. A speech on international relations will draw forth a reply from the Prime Minister. This may be criticized by the leader of the opposition and precipitate a general debate—"Behold how great a fire a little flame kindleth!"

In matters directly affecting Labor, certain measures would not come up for discussion were they not introduced by Labor members. Once introduced, however, members of the old parties cannot be unmindful of their Labor electors, so they make speeches for home consumption. Then if we force a vote we put such members definitely on record as for or against labor policies. Whichever way the vote goes, we score.

LABOR GROUP FORCES THROUGH LEGISLATION

Sometimes we can take advantage of the political situation to secure concrete legislation. May I again be permitted to illustrate from actual parliamentary experience? Under our Constitution, most Labor legislation comes under provincial jurisdiction. In most Provinces in Canada we already have workmen's compensation; widowed-mothers' allowances, minimum wage for girls, and in British Columbia, for men; minimum wages for work, etc. In some matters, such as old age pensions, the jurisdiction is not so clearly defined, and in any case uniformity of action is highly desirable. For several years we had urged the adoption of an old age pension scheme, but with little effect. In 1925 a motion fairly indicative of our strength in the House, gave us seventeen votes. Two years later old age legislation was enacted and is now in force in three Provinces, and next year will be adopted in two more.

AS A BALANCE OF POWER

What happened was this: After the 1925 elections the two parties were almost equal in numbers, with the Independents holding the balance of power. Under our British Constitution, the administration remains in office only so long as it can maintain the support of the majority of the House. We indicated to both parties, very clearly, certain legislation that we thought essential. The party in office promptly introduced such legislation—including old age pensions. Their bill, though attacked by the Opposition, was passed by the House, but later was rejected by the Senate. The measure, however, proved to be popular. Within a few months there was another election in which old age pensions became an issue. The Government was returned. Even the Senate had to bow to public opinion. Two Labor men, with the support of their farmer friends—and with a favorable public opinion—had turned the trick.

Perhaps the most important work is accomplished, not in

the House, but in Committees. Several years ago I succeeded in having set up a Standing Committee on Industrial and International Relations. Last year we had referred to that Committee the question of a legal minimum wage. There were called as witnesses employers, employes, departmental officials and social service workers. Their evidence was given a good deal of publicity and subsequently bound in blue-book form, and some 10,000 copies distributed.

This year, on the motion of one of my colleagues, a similar course was pursued with regard to Unemployment Insurance. The report, which passed the House, adopted the principle of unemployment insurance, and suggested action along the lines of the old age pension scheme. No definite action may result for several years, but the way is being prepared. In passing, let me say that *one of our difficulties is the backwardness of the United States in matters of social legislation.* Our manufacturers protest that they cannot compete with the United States' manufacturers if Canadian industry must carry the additional burdens imposed by such measures as Unemployment Insurance.

INVESTIGATING THE BANKING TRUST

This year we gave work to another Committee. In Canada we have a high degree of financial concentration, there being only *eleven banks, of which four control over seventy per cent of the assets.* Further, interlocking directorates give the Big Four control of large areas of our industrial life, without adequate safeguard such as might be provided by a publicly controlled central bank. On my motion, the need of banking reform was referred to the Committee on Banking and Commerce. Again, investigation, evidence, discussion, publicity—no immediate results, but a lot of ice-breaking! Only independents who have nothing to lose, are free to tackle such vital economic problems.

With regard to definite results, much may be accomplished through cooperation with the departments. We ask no favors —for governments, as individuals, rarely give them without

expecting some return, and at all costs we must keep our hands, or rather our tongues, free. But departments are amenable to public opinion, especially opinion that may find expression on the floor of the house. The Departments of Labor, Immigration, the Post Office, Public Works, Justice, all deal with problems closely affecting Labor. This year, a small group of Manitoba members, including the two Labor members, blocked a well-laid plan for a private corporation to secure power-rights on the Winnipeg River, which, within a few years, would leave the City Hydro without means for further extension. The fight was made effective through close cooperation between the Labor members on the City Council, in the Provincial House, and in the Federal House. Here again, we were backed by a considerable public opinion, but Labor had to be the spearhead.

AN INFORMATION SERVICE

Since our Labor group has not the organization, or the funds or the newspapers, at the disposal of the old parties, we must give special attention to publicity. My office is almost an Information Bureau. Interviews and correspondence, indeed, make great inroads on one's time, but this is an essential part of getting our program "across." We send out thousands of copies of the debates and committee reports—often to interested parties who base local debates on such material. Propaganda literature, printed below cost, at government expense, and delivered free through His Majesty's mail! In addition, I have sent out a weekly letter—dictated to a stenographer supplied by the House—outlining Labor's point of view on current political events. This is published in local Labor papers from coast to coast, and in the most influential farm paper. Thus we are helping to unify and educate opinion across this country of vast distances and diversified interests.

ESTABLISHING A LECTURE SERVICE

The Parliamentary session extends for four or five months. That leaves six months free. With care, the sessional indemnity may be stretched out as a yearly salary. Then, by law, each member is entitled to free transportation on all railways. What a chance for the making of a political "hobo"! So, with the minimum of expense to local groups, one can give his services to the movement—again at public cost!

Last year, for some weeks I assisted in the provincial and civic election campaigns in my own city; attended a students' conference at Elgin House; conducted a two-weeks' summer course among the miners in Alberta, and a similar course with the farmers in Saskatchewan. In addition, throughout the year, I gave some 140 addreses, chiefly to audiences of Labor men, farmers and students; occasionally to churches and business men's clubs. In short, we have constituted ourselves a sort of miniature League for Industrial Democracy.

The very presence of the independent groups is a challenge to the old two-party system, and will yet prove their undoing. The free cooperation of twenty members can be continued when we have twice that number, and may pave the way for a government organized along functional lines. The lack of financial backing, if nothing else, drives us to keep in very close touch with our own constituents, and leaves us free to attack the entrenched forces of capitalism. The dealing with practical problems and situations forces us to apply our theories, and yet gives us wide scope for the discussion of the larger economic problems—such as the nationalization of our hydro-electric powers, our railways, the control of credit, and our imperial and international relations.

So far the lead has been given us by the workers trained in Great Britian. Our native-born, like yours, have hardly as yet developed a political consciousness, but they are on the way! We come of pioneer stock. Our forefathers have subdued a continent! I have faith that one of these days

their sons will tackle the job of bringing order out of our anarchic social system. When the native-born turn socialist, victory is in sight for America and for the world!

AN INTERNATIONAL OUTLOOK

May I add a few remarks on our international relationships? Possibly it is taken for granted, but I think there is a danger that simply because you in the United States are so powerful and have a country that is largely self-contained, you may neglect the wider aspects of the international situation.

"The last century made the world a neighborhood." To me that is the outstanding effect of the industrial revolution. I would suggest although it may be a very idealistic thing to say—this century must make it a brotherhood. After all, the very economic basis of society today drives us into a brotherhood unless we would have absolute chaos.

The old Utopianism is a thing of the past but the very basis and structure of our society today is such that we have either to work out some sort of principles of decency and brotherhood or else we will have wars greater and yet greater in the years to come. The trouble with most of us is that we are still thinking in terms of self-contained nations. Today we are by no means self-contained. The very food we eat, the clothes we wear—are drawn from every part of the world. We must recognize that. No nation is self-contained. We are related in every way to every other part of the world. The trouble is we are still thinking in the old narrow terms of nationalism.

We said, for instance, a little while ago that what we were going to do was to punish Germany. And we began to punish Germany. She had to pay, yes, and the more she had to pay, the more she paid, the worse it got for us because her cheap goods came over here, and at last in England they threw up their hands and said, "We can't stand the German coal. We don't want the German manufactured goods. You are ruining us." And if you in the United States insist on reparations you will find that same thing to be true sooner

or later. You cannot isolate one part; you can't punish your enemy without, as Norman Angell pointed out even before the war, punishing yourself as well.

We were going to isolate Russia. Oh, yes. She had been the bad child of the nations; let's put a sanitary cord around her. Suppose I stub my toe on a rusty nail. I say, "You stupid toe, I am going to isolate you." But before long I feel a pain in my leg and go to the doctor and he shakes his head and says, "Blood Poisoning!" Today we can't neglect any one member of the family of nations without all the members being thereby affected. Surely that is the lesson we have to learn.

We are still thinking in the terms of the philosophy of the age of the village pump. If there is anything socialists have to teach the nations, it is to think in broader terms. The trouble is that our mental machinery is not adequate to the industrial development we have around about us at the present time. I know a lot of my friends who won't drive a car that is of a model more than two years old. A great many of us have machinery in our heads that is a model of a hundred years old. Our concepts, our ideals are inherited from our earlier and simpler economic life and our job is as far as possible to give birth to new ideologies, to new concepts that will enable us to think our way through our modern difficult problems.

CHAPTER X

DISCUSSION ON RADICAL TACTICS AND NEXT STEPS

SOCIALIST VERSUS COMMUNIST TACTICS

MR. LOUIS WALDMAN: The foregoing papers deal with the question how can the workers get power. Assuming you have power or you can get part power in the transitional period, what will be your socialist or labor control?

Mr. Claessens indicated four methods through which we might acquire power in the transitional period. Mr. Baldwin described the communist method and suggested some socialist methods. Mr. Raushenbush said something about compromise as being one of the methods.

I am a very definite compromiser and I believe very strongly that the transitional period and after will consist in a series of wise, practical adjustments and compromises. I go a step further and say there is no after, that the entire history of the future like the history of the past is one long process, that there is no end and, if that is true, there is no end to compromise. If you don't believe me, forget all your books, forget all your leaflets and study every act of life of your own and your neighbor's and you will find that it is one long process of compromise.

It seems to me, looking at the scene from the American point of view, that we have in the United States a situation where, generally speaking, the ownership of the major portion of industry has been absolutely divorced from the management; the owners of the industry and the managers of the industry are not the same people. On the one hand, there

are bondholders and stockholders and investors. They own legal title to the control of industry. The managers are somebody else, technicians and practical men hired for salaries. The old conception of the class struggle as one where the employers stood against the workmen in battle array is not sound. No such line-up exists. It is not a living actual practical fact in daily life. The old woman who invested in a bond in the subway system, the water power corporation, the telephone company or the railroad company may be the best political and social friend the working class has. She is not arrayed, as I say, against the workers in the sense in which the question has been discussed. And I would never be successful in picking out the enemy I am to shoot if I were to shoot down the capitalist class in order to get power.

The result is we must look to civilized, political instrumentalities by which the community may acquire this legal right to control industry without any of this fanciful idea of battle and fight in the physical sense.

In my judgment, capturing of government as we talk about it here today cannot be accomplished because we haven't one government in the United States. We have ten thousand. We have municipalities and states and the nation and the capturing of one government may not have very much to do with respect to capturing the others. Excepting through the central control of the United States Supreme Court, the many governments are each more or less separate. The lives of the community are regulated ninety percent by local government and not by centralized government as it is, for instance, in France. The result is that our political activities must be centered in a political organization which is not iron-clad, which is not absolute in its dogmas, which is willing to compromise not merely on program but also on action and may act a little differently in Missouri than it does in New York, and somewhat differently in Wisconsin than it would in West Virginia or California. And it must seek to study the problem of each municipality and of each state peculiar to its own existing conditions. If it will do

that, it will grow and become a factor in the United States. If it will not do this, it will continue as it has existed for the past twenty-five or thirty years. There has been no shortage in theoretic socialist discussion in the United States in the past twenty-five or thirty years. There has been an absolute shortage of actual study of industry and politics as they should be studied in the United States. As a change in socialist tactics, I ask that America should be understood before you begin to court her. And the courtship will not be successful unless we thoroughly understand her; and when we understand her we will have to compromise with her.

Mr. Morris Gisnet: Some of the discussion in these papers reminds me of the dialectics of the Hebrew rabbis and teachers of old as reported in the Talmud.

On the one hand it is suggested in these papers that probably all of us ought to be communists and that we all embrace the communist teachings and ideas of violent revolution or direct action. (I'll withdraw the words "violent revolution" with apologies to Mr. Baldwin because, I believe, he distinctly said that he didn't believe in "violent revolution." However, he believes in direct action.) Those of our own side who believe in using different methods to bring about a socialist state, urged political action, agitation, trade unionism, cooperatives and such things.

It is quite obvious that there will never come about a state of things when all will be either communists or socialists.

If the socialist commonwealth is to be achieved, communists and socialists should eventually get together, forget as much of their differences in ideas and theories as are in the way of their cooperation, and work together on the field of action, so that everybody may be depended upon to do something in common for the ultimate realization of our great aim, the cooperative commonwealth.

Miss Nellie Seeds: I want to emphasize still further one means of passing through this transitional stage that I think only Mr. Claessens mentioned.

It seems to me not only logical but imperative that the social and radical movements should not be content to leave without protest the complete control of our educational machinery in the hands of the capitalist ruling class. The modern movement of experimental education which seeks to liberate the mind of the individual in childhood, which substitutes creative activity, creative education for the ordinary regimentation and stereotyped education of the public school is a force of incalculable value in this transitional state.

Russia has recognized this and has utilized and is utilizing the movement of experimental education to its fullest extent. And it seems to me that it behooves our American movement to consider much more seriously than it does now, the tremendous possibilities of this creative experimental educational movement in the transitional stage through which we are now going.

MR. FRANZ LONGVILLE: I wish to challenge Mr. Baldwin's point of view regarding the situation of the socialist-labor movement in Europe.

First of all I want to point out that the socialist, as well as the communist movement is changing under the influence of certain factors. In respect to communism, there is in my opinion already a wide cleavage between the revolutionary enthusiasm of Lenin and the actual bureaucracy of Stalin.

The socialist-labor movement at its start was dominated by a confidence in an imminent revolution. This gave it a romantic character which it later lost. The trade union movement as a result of long struggle has been compelled to come to contractual relations with the employers. It has won a certain power through numerous small gains and naturally the tendency has been to conserve, to consolidate every gain by lawful collective agreements.

The cooperative movement, too, has had the same evolution. Its aim is the elimination of capitalistic profit, but in its day by day activity it has had to compromise with the capitalist system.

Nor are the Socialist and Labor parties any longer exclusively opposition parties. They have participated in municipal and federal governments and the time for constructive work has begun. The Socialist parties in Europe have been compelled to accept certain responsibilities in the affairs of the nation.

Now all this does not mean that the socialist ideals of a new society have disappeared. But the evolution of the trade union-cooperative-and-political movement has undoubtedly created certain reformist tendencies. Here may I state —Mr. Baldwin to the contrary notwithstanding—that the socialist-labor movement has brought many advantages to the workers. It has made of them human beings, not yet the kind of human beings socialists would like to see, but human beings nevertheless. The workers are determined to maintain their standards—not so much their material status which is not yet very high—but their legal, social and political status, as well as their economic position, which is undoubtedly much better than before the war.

When we look upon the European political scene today, the dominant factor is the rapid rise to power of the socialist movement. The Socialist parties in most of the industrial countries of Europe are, or are rapidly becoming, the strongest political forces in national life. Opposed by bourgeois-blocs, they are unable to take possession of the political power of their countries but are too powerful to permit the bourgeois government to rule in disregard of them. On the contrary, the conservative forces still in power have to comply, to an increasing extent, with the desires of the workers and to put into effect, incompletely though it be, many planks of the socialist platform.

In the national field, socialists have forced through social legislation, the eight-hour day, safety and hygiene measures in the factories, workers' control, social insurance, etc. They have compelled the governments to obtain an increasing amount of their total revenue from progressive income and inheritance taxes, in conformity with the slogan, "to take the money from where it resides." They have undermined

the excessive power of the banks by such legislative measures as the creation of state and municipal banks. They have brought about an extension of the suffrage to men and women above twenty-one and have wiped out all property and other restriction for candidates of legislative bodies. They have in many instances secured the reduction of the military forces and the gradual elimination of professional armies as transition steps to disarmament.

In the international field, they are pressing for a policy tending to international good will and understanding, and toward the democratization and the strengthening of such international organizations as the League of Nations. These and other reforms are being gradually realized under the direct pressure of the Socialist parties of various nations.

Where socialists have been compelled to form coalition cabinets with other political parties, or where the Socialist party, as a minority party, has been compelled to accept the responsibility of the government, the government did not have and could not have any stability. This question of coalition and minority governments is one of the most important before the national parties and has to be settled with regard to the situation in each nation: no general international principle can be formulated. The socialist movement in Europe in national and local politics has entered a stage of constructive policy. It can no longer refuse responsibility if such responsibility is offered under acceptable conditions and under circumstances where it can be instrumental in defending the rights and the welfare of the workers. This position is naturally not accepted by everyone. A permanent collaboration of the socialists has, it is felt, the most harmful results, because the achievements of a coalition government will never be entirely satisfactory to the workers and will, on the other hand, weaken the propaganda and the spirit of revolt against the capitalistic and dominant class. But higher motives have compelled Socialist parties to lend their support to a bourgeois government in times of severe crisis, as in the case where the German social democrats combined with the bourgeois government in defending the Republic against the

monarchist reactionaries or when socialists in other countries helped to stabilize the currency, at a time that a general collapse would have led to great suffering for the most economically vulnerable class, the workers, and would have destroyed completely their economic and political organizations.

Mr. James H. Maurer: As to socialist tactics, if I were living in England I would belong to the British Labor party. If I were living in Germany I would belong to the Social Democratic party. And if I were living in Russia I would be a communist. All this talk about being in jail in Russia doesn't do the movement of the working class any good and that is just the point I want to make as to tactics. I was born in and am living in America and I believe that as an American I should adapt myself to the conditions that prevail here. The trouble with so many of us, those who happen to come from Russia, is that they bring their bodies here and keep their heads in Russia, and try to settle everything here as it should be settled in Russia. It takes a man a long time to discover whether he is in America or in some other country. I adapted myself to Russia, Germany, England and France. The minute I got in I said, "Now I must adapt myself to their customs and habits here." And if I were going to live there I would get in the labor movement that was fighting the battles of my class.

We are in America. As to my life in the labor movement, those of you who know me best know that I never hesitated to go into any kind of a struggle where the workers were fighting for the uplift of any little group and I never cared what they called themselves. If they were I.W.W.'s, I was with them; if they happened to be communists and they were right, in their fight against capitalism, I was with them. And I don't care what group it may be. If it were the conservative A. F. of L. that I fought with for many years, as long as they fought the battles of the working class, I felt it was my duty to be there. But where I differ from them is that I refuse to fight my own class. I have had good cause

to fight with my communist friends on the tactics that they pursue which, in my opinion, do not make for militant revolution in the United States. They have said more untruths about me than they ever said truths about me, and why was that? They did it in order that my friends might lose faith in me and turn away from me to them. I can't see any other reason, but I know what effect it has. It does not solidify the working class. If I would have been as nasty toward them as they were toward me, I would have had to devote my time fighting workers instead of capitalists. Life is too short for that.

Now as to policy. What should be the policy and principle of the socialist movement or the party? I should say go before the American people and talk to them so they know what you are talking about. Don't forget that. Some of you high-brows think that I am trying to be funny when I say that, but I am a worker and came from a family that was very poor and I never knew what the alphabet meant until I was nearly sixteen. I live among working people and I have spent the greater part of my life among them. I am part of them. I am going to stay with them and I know how much we understand of what the average man or woman says or writes. You have got to present the socialist message in simple, direct language. The workers are all right if they understand what you mean. If we can educate them, have study classes with good literature—not the kind of long drawn out articles we see in the average labor paper—we will win them. Take the communist agitators. How much time do they devote to explaining communism and to making propaganda for their cause? I have no recollection of ever hearing a communist explain communism. All I ever hear them do is denounce somebody, not the capitalists but the workers, tearing us farther and farther apart. And what speeches they can make. Wherever we are strong they come in not to organize the unorganized, but to destroy the organizations already organized. Why don't they go out here or there where we have no organization?

Go and educate and organize the socialist movement as a political party. It has its program which I endorse thoroughly. Make propaganda for your program. "But if it is not revolutionary," somebody says, "it doesn't satisfy." "Take the industry tomorrow and overthrow it," others say. Well, we took the City Hall at Reading and now we have to make good. While it is only a corporation involving 115,000 souls worth about $300,000,000, we socialists who have absolute control find it is some job. If we wanted to run it as the Democrats and Republicans have run it for a hundred years in the past it would be a cinch. The man whom I succeeded said to me, "Maurer, you are getting the best department in the city. All you have to do is come here in the morning, sign your name 150 times and then you can go home for the rest of the day." And that is what I found out he did.

I don't think there is one member in our city government who is busier than I am and I have the smallest department. I am busy because I must help my comrades work out all of our different problems. We find conditions in the city government that are almost unbelievable, at least to ordinary intelligent people. Some day I hope to be able to tell you just what we found. As a member of the state legislature I found similar conditions in the state government. And when I get an insight into business, I find that the average small business is just about as impossible as the average city government.

These are conditions. We have to meet them and to understand how to handle the job when we get it. Today with your labor displacing machinery you don't have to make a lot of noise about the coming of the revolution. It will come, I am afraid quicker than we are prepared to handle it. You are not going to have 4,000,000 starving people, displaced by modern methods of production, and have no revolution.

I don't speak like a polished scholar. I do, however, try to express my thoughts in a common-sense way. If you are going to get ready for the revolution which the modern

industrial system of the world makes inevitable, you will have to stop splitting hairs and talking about the mysteries of the nebular hypothesis. Instead talk to each other about issues at hand in an understandable fashion and, above all, be tolerant. Corral every toiler whether he works with his hand or brain under one banner. That is power, and power means success.

MR. WILLIAM KARLIN: I think I understand how on entering Russia one is overwhelmed by the sight of a nation, territorially larger than any other in the world, in control of those who carry the red flag. Even without having been in Russia, I have experienced the same feeling and I still possess it to a great degree. When the hired murderers of French imperialism marched on Russian territory, I prayed for the victory of the Russian arms, for I am not an avowed pacifist, as Mr. Baldwin is. And after that, I have hoped for the success of the Russian people. I know the virtues of Russia and her sins. The statement made here, however, that Russia has saved the world from imperialism is not a fact. The British Labor party, however, which has been described here as dead and useless, did save Russia from the encroachments of English imperialism. In 1921, when all attempts of French imperialism against Russia failed, Great Britain was about to throw her forces against Russia, when the Labor party came to the rescue and cried out: "Stop!" It is well known that for every gun possessed by France, at that time, England could furnish twenty, and, under those circumstances, the doom of Russia would have been certain, but for the intervention of British organized labor. And only shortly before that, when German reactionaries by the Kapp Putsch almost wiped out the Republic, it was not the communists but the socialists who saved it. The very party that has been described as the friend of imperialism, declared a general strike which was answered by organized labor and its sympathizers, from the President of the Republic to the humble worker in Germany. Within forty-eight hours they put the Junkers to flight. They tell us that

social democracy is a friend of imperialism, but I tell you that this movement is its real enemy.

The anti-imperialistic gestures of the communists frequently border on the comic opera style. Although the communists have admitted to the world that Russia is not ripe for socialism, they attempted, in the summer of 1927, to convince the Russian masses that China was the leader of the "world revolution," and that the yellow peoples on the Asiatic coast constituted the logical center of socialist progress.

Yet I want to tell you that there are very few things in China to socialize, unless it be the pigs.

Similarly was Mr. Baldwin wrong when he attempted to establish a thesis to the effect that labor unionism rather than socialist parties must be used as revolutionary instruments. As one who has participated in an extraordinary number of strikes, I wish to say that, from the very beginning and within the first forty-eight hours after the commencement of a strike, negotiations for settlement must commence; and in those cases where negotiations are completely cut off immediately prior to or in the early stages of a strike, such strikes are generally lost. The purpose of a strike is not to lose your job but to keep it. The workers will not strike against the boss for the purpose of getting rid of him, for if they get rid of the boss they have lost their jobs for good; and the union is only as strong as the number of jobs it controls. It therefore thrives on negotiations with the employers and not on such revolutionary action as putting the bosses out of business. A labor union must therefore be a business organization. If you defeat the boss completely by putting him out of business, you defeat the purpose for which you have been striking. A union is an ameliorative body, not a revolutionary body. That is why the "revolutionary" unions have never been successful in the United States. The workers will not permanently belong to them. While the union may, on extraordinary occasions during the transitional period, become a revolutionary instrument, the workers must rely largely upon their

political party commanding the credit of the nation to carry on in a revolutionary fashion from capitalism to socialism. Those labor leaders who, like William Z. Foster, attempt to use labor unions as revolutionary instruments, by those acts, become useless to the labor movement, for they and their unions cease to be useful for all practical purposes.

DR. GOLDENWEISER: In these discussions so far there has been a not uncommon omission of an essential ingredient in any future revolution, however achieved. I should like to say in my very limited time a word on behalf of what I should like to call the intellectual proletariat. Some of you may remember some years ago in *The Masses* there was a rather acrimonious discussion between Max Eastman and Romain Rolland over the respective functions of the working proletariat as opposed to the intellectual, presumably non-working, proletariat: Rolland argued for the inclusion of the intellectual workers with the proletariat; Eastman opposed it.

The recent events in Russia have given us a very sad and in many ways tragic example of the fate of the intellectual proletariat at the hands of a revolutionary working proletariat. What happened there was, as you know, that the revolution once successful rode rough-shod over the flower of the Russian intelligentsia and wiped them out or very nearly so. And when the revolution realized soon after that it needed them, there were relatively few left to call upon.

Now the history of revolutions, I think, brings convincing evidence of the revolutionary mettle of the intellectual proletariat. All revolutions of the past, whatever their ultimate source or purpose, were engineered, organized, headed by the intellectual proletariat. Even the dictators of the successful revolutions of the past were, as you know, mostly drawn from the intellectual proletariat. And yet, there was some justification for an attitude of mutual misunderstanding: in particular, for an attitude of suspicion on the part of the manual workers, towards the intellectuals. They were suspected of being retained by, and of representing the

capitalist class in the intellectual domain. A couple of years ago a textbook of psychology came into my hands, published under communist auspices. In the introduction the authors claimed that the old psychology textbooks reflected capitalist mentality and that we needed a new psychology that would do justice to the proletarian outlook. How this metamorphosis was to be achieved, the book didn't tell me.

What happened in the Russian revolution should not happen again. I think it is up to the socialist movement in America, in cooperation with other radical movements, to see to it that it will not happen again.

When I speak of the intellectual proletariat I have in mind an individual—to mention just one—like the late Randolph Bourne, that remarkable intellectual worker, that outstanding spiritual force, a sort of prophet of the American intelligentsia, who died early enough not to have spoiled his early work (for this is what we often do).

The intellectual proletariat includes professional academicians, or some of them. It includes such people as philosophers (and you will remember that one philosopher who was also a wise man, recommended that the future society should be guided by such people. Plato's experiment has never been tried.) I mean artists; I mean even musicians. If we analyze the situation, we find these persons in very much the same position with reference to the capitalist society that the manual worker finds himself in. They are retained, no more and no less, than the worker is retained. They are forced into the machinery of capitalist society. As a group, they are penniless, not provided with the means of freely expressing themselves. They are like the manual worker, a cog in the wheel of the machinery of society.

The intellectual proletariat belongs in one boat with the proletariat of the hand, and it is dangerous for either to rock that boat. For what, under such conditions, would happen to one would befall the other too. In order to avoid the tragic mistakes of the Russian revolution, they should stand together, the intellectual worker and the manual worker.

MR. HARRY GIFFORD: Our friend Karlin said that if you wait for more than forty-eight hours before starting negotiations, you can't win a strike. The left wing movement utterly rejects that idea. It fights for a strike even though it loses, for every strike is part of the class struggle. Whether you win or lose, that is your class struggle.

You speak of the ultimate goal of the class struggle. The class struggle only marches up until revolution. Then it ceases. The revolution does away with classes.

Let's see what is happening in the United States. If you read the *New York Times* every day you will see the innumerable mergers and consolidations, you will see who the owners of industry are today and know whether you can open up a drug store in New York City without having the Owl or other consolidations or mergers drive you out of business.

Study the professions. Become a lawyer or go into any other profession and you will starve. You will earn less than a worker. What is the result? All these professionals will eventually get into the ranks of the workers. They must of necessity. The capitalist classes are becoming fewer and fewer in number. Their agents will ultimately be thrown out of their jobs and join the working ranks. The thousands of stenographers and bookkeepers trained every year by the six months' schools will join the working class and that is your class struggle. Ultimately, slowly, probably it will take years, but it will come. We are not particularly in a hurry. The revolution will not come in the United States in the next ten years—but seriously to deny the class struggle is absolutely absurd.

While not a member of the Communist party, it seems to me that our friend, Roger Baldwin, who is neither a communist nor a socialist, gave you a complete picture of the left wing movement the world over, of the communist movement the world over. It is the communists who go to the mines and try to organize the miners, who go now to the New Bedford mills and try to organize. And if the gentle-

men of the Socialist party or of the L. I. D. will not get down to the class struggle the basis of their existence will be gone, for it is the workers who ultimately will take over power. It is the workers who must be reached and unless socialists go into the fields and into the shops and organize these workers, their basis for existence will slip from under their feet and all their theorizing will not help a bit.

What I want to know is why we here in America cannot organize a Labor party. I mean actually a party of the workers. We hear the discussion of whether there is or is not a class struggle. They tell us what goes on in Russia and somewhere else. But what is to be done?

I believe that nine months in the year should be given over to organizing labor and that three months is enough for a political campaign. The political campaign, furthermore, should be utilized in teaching the working class. There is a working class even though we do not understand the right way to reach it.

One will say, "I am with the working class." The other one will say, "I am with the working class." But the working class in itself is kept entirely ignorant of the way it should go. The workers are blind. If we do not find the right track we will always stand where we are. We build or we break. But we are merely talking; we haven't started yet to do, and I think we should start to do instead of talking.

Dr. Van Essen: The question of the tactics that should be pursued through the transitional period from what we call capitalism to socialism is to me a question of what problems confront us at that particular time. I am of the opinion that at certain times militant, aggressive tactics should be adopted. But I am quite sure that such could not be adopted in America today. Our communist friends have probably found that out. On the other hand, there are times when capitalism itself has become weak and crumbled as in the case of Russia. Then aggressive, militant tactics are in order. In the meantime, the tactics of the

social-democratic group seem to me to be the ones that bring the best results in the direction of educating the masses to the ideal of the new society. To adopt militant tactics means to be destroyed when our enemy is well fortified and to bring a reaction that will retard our movements. There are times when even petty compromises, as we sometimes call them, are worth while.

For example, our movement in Reading will have to take up the problems before it and deal with them as best it can, not in a theoretical way, but in a practical way, thereby educating the workers of Reading to continue their support. So the whole problem to me is the problem as expressed by a military general: he cannot adopt the same tactics every place uniformly. And that is what our Russian friends, especially the communists, have been trying to do. But I will agree somewhat with the sentiments expressed by Baldwin that, when the time comes, a critical time, a time ripe for the change, then parliamentary tactics cannot be applied because they are too slow.

GERTRUDE WEIL KLEIN: There is something great and glorious in barricades and bullets, etc. and the daily work of being a socialist is so horribly prosaic. But what I would like to ask Roger Baldwin is what makes him think that the great mass of people are romantic and dramatic and sentimental, and are not going to be satisfied with getting bread from the socialist government, not satisfied with getting shorter hours and better conditions, but are going to demand bullets, barricades and revolution and flock to the communists.

From what I know of the psychology of the workers in this country and all over the world, they are too content with getting little things now and then. Prophecy is a dangerous thing and a silly thing but I would like to know why Mr. Baldwin thinks the socialists will be such a flop when they have power in Europe and the workers will have to turn to the communists for their beloved barricades?

MR. JUSTUS EBERT: Why does August Claessens berate the general strike as moonshine? When you consider the growing increase of general strikes since 1905, the general strike in Germany referred to by Mr. Karlin, and the recent affair in Vienna to rescue the situation there, and when you consider that in England even the conservative trade unions utilize the general strike, that in this country in the deflation of labor in 1920 or 1921 in the railroad and other crafts we had a million men on strike, I believe that it is a mistake historically to refer to the general strike as moonshine, especially when you indulge in that moonshine yourself.

Now the basis of this position, is, I believe, a failure to recognize the economic power of labor in the transitional period. In such a statement, there is an over-stressing of the political factors and a neglect of the underlying factors. We used to call the general strike "general nonsense" but we have found out from the revolutions in Russia and Germany and from recent events in Austria that the general strike is really an important factor in the preservation of our victories and can be used to establish and get more victories.

DR. WOLFSON: Socialism preaches production for use, not for profit. That is very well. But it does not point out to the capitalist, to the man who piles up wealth and material things, that wealth doesn't bring him any happiness.

The contention is made that the reason why we should abolish the capitalist system is so that the worker should have a little more. The real reason is that now, under the present system, whether rich or poor, we do not fully enjoy life. We are so much taken up with the pursuit of material things that our minds are not capable of dwelling upon higher values in life.

MR. WALTER MILLARD: The subject for discussion is the means to labor and socialist control and the transitional state. May I bring to your attention a very peculiar and a hitherto hardly noticed method which is being used by certain sections and persons of the British movement? It was my fortune to be there last year for a few weeks. My good friend, Mr.

Emil Davies, for fourteen years the Vice-Chairman of the London County Council as the representative of the Labor party, was moved by the fact that after the war in England there were working men, there as here, who did have an excess of income over immediate needs, and were the prey of all sorts of bunk artists engaged in taking away their money.

For many years he had been a member of several cooperative societies which were confronted by the problem of investing their funds, and as the result of consultation there has come into existence what is called the first cooperative investment trust of Great Britain. Its funds are made up of small amounts from cooperative societies, trade unions and individuals. It has already over four hundred investments scattered all over the earth, the idea being that, while capitalism may go down, it won't go down all over at the same time, and so working men's investments are safe.

But the interesting thing is to read the report of the last annual meeting at St. Martin's Hall—I attended the previous one—and to see the statement that whenever a new investment is to be made, a committee composed of a member of the Labor party and of a cooperative society investigates the labor policy of the institution to be invested in and invests only if it be good. The trust gives its major amount of money to all forms of collectivism.

Mr. Mark Plavnick: I would suggest that as far as Russia is concerned, the L. I. D. or the socialist movement of America may choose the splendid instruments that are working at present in Russia and abolish the destructive influences, if there are such. To criticize Russia for its great experiment of today simply because their tactics do not seem to correspond with the prosaic understanding of the socialism of Karlin, is absolutely wrong. We are here, in America, and not in Russia. The laboratories of socialism differ in different geographical locations. You cannot apply in America what works in Russia, and vice-versa. Russia lived socialism seventy-five years ago,—lived it in its cellars.

Take notice of Roger Baldwin. He perhaps did not offer a solution, but for God's sake he gave you plenty to think about.

Miss Rose Brody: I would like to ask a question of Mr. Baldwin. Why is it that in my contact with the communists I see nothing but the desire to destroy? Destroy the *Daily Forward*! Destroy the Workmen's Circle! Destroy the Socialist party! Destroy the things that have taken years for people to build?

Mr. Roger Baldwin: It was Chesterton who said that the British people have so fallen in love with the spirit of compromise that they would rather take a half loaf than a whole loaf. I think that is one of the difficulties with some of the attitudes of mind expressed here this morning. We have so fallen in love with the necessities of what we have got to do at a given moment that we forget where we are going.

I am not injecting myself into a left or right argument. I have no sectarian position on left and right theories. I am talking to you about what practically builds working class power and what effectively promises to destroy capitalist imperialism. If socialists organize movements in those directions, I would be just as keen to support them on the practical field as I support movements under communist inspiration,—united front campaigns for colonial independence and for revolutionary working class action.

I am not suggesting that any of you join the Communist party. I am suggesting that the active propaganda, the active work, the real union of these forces in the world today is something which everybody who believes what most of you say you believe, should support.

There is an attitude to Soviet Russia in this discussion reflected everywhere in the socialist movement and in the socialist press, which seems to me to ignore the essential fact of Soviet Russia today, namely: that the private profit system has gone. Whatever you say against the dictatorship (and a lot can be said against it) nevertheless the working

class and the peasants in Russia are by and large freer than they are anywhere in the world. If you want verification of that from your own sources, ask Jim Maurer. He was there at the same time I was, and I guess he is encumbered with some of the same prejudices I have. But he will agree to that.

I was asked a few specific questions. A lady gets up over here and asks me whether I stand for the disruptive policies of communists in the trade unions in the United States. Of course I don't stand for the disruptive policies of the communists. There are a lot of things about communism, just as there are a lot of things about Soviet Russia, which I deplore and denounce. But I am not going to play into the hands of the capitalist class in doing it. And I say to her, here in this family party, that of course we have to oppose fool tactics and blind counsels, such as many of our communist friends have followed.

Comrade Longville from Belgium said among other things —and that is the one point he made to which I wish to refer —that the reformist movement, the socialist movement in Europe today, is accomplishing "practical results for the working class."

I am for much of its program, as social insurance, for instance. Nevertheless, as a political force in Europe today socialism is not effective in improving the position of the working class in its struggle against capitalism. In every single country in Europe today without exception the eight hour day, built up by the long labor of the socialist and trade union movement, has gone. In every single country in Europe today wages are below their pre-war level. Social insurance, to be sure, goes on; but social insurance has been accepted by the capitalist system. You see the spectacle, as he suggested, of practically every socialist leader in France voting for universal conscription in time of war. That same spectacle of socialist support of an essentially capitalist measure has been repeated in country after country all over Europe with socialist participation in government.

Brother Karlin suggests that a "naive American visitor"

like myself going to Soviet Russia is overcome with the emotion of the red flag and all that sort of thing. Let me call to witness not my own emotions—you may discount them—but the sober point of view of two of our friends, Stuart Chase and Professor Paul Douglas who were in Russia at the same time and whom I found far less critical and more enthusiastic on the economic achievements of the Soviet régime than I was myself.

He also takes me to task for suggesting that the communist movement can save the world from imperialism. I didn't say it could. I said that the communist in the anti-imperialist movement today, uniting with the colonial peoples, is the strongest fighting force against imperialism we have. The facts are perfectly clear on this point. The oriental peoples, of course, are not communists. There are, I think, some seventy-five members of the Communist party in India; but there is an amazing sentiment all over India expressed in great audiences of people, as my Indian friends have told me, for friendship to Soviet Russia, and to the communist movement which has made the cause of the colonial peoples its own.

I pass over Karlin's suggestion that the labor movement is not the dynamic force for building the future. He speaks of trade unions as "business organizations." Well, he has only had experience with American trade unions. There are lots of others. The British Labor party and the European trade union movement have already demonstrated the contrary.

Gertrude Weil Klein suggests that I have made an emotional appeal by picturing—to her romantic soul anyhow—an army of workers marching down the street with the red flag at their head, ready to erect barricades on the day of revolution. I have no such picture in mind. I don't subscribe to any such childlike idea of revolutionary change. What I say is that in the practical work of building up movements of resistance to capitalism and imperialism—in the east, on fire today against the western world, and in the revolutionary consciousness of workers in trade unions—I

say that there you can build something other than a reformist movement. You can build a movement that looks a long way ahead to the capture and organization of working-class power, not merely to the acceptance of better conditions by shortening hours, increasing wages and bringing the benefits of social insurance. My appeal is solely, my friends, to practical work in the work-a-day world today on two lines—and I repeat them again—the two most significant lines today, namely, the building up of militancy in the trade unions and of supporting the colonial revolt against western imperialism. In them alone I see the challenge to practical effort on the part of everyone with a revolutionary ideal.

Mr. August Claessens: First of all I should like to reply to two critics. Dr. Wolfson was the first. I assure Dr. Wolfson there is no necessity for any addition to the socialist philosophy such as you suggested, stressing the necessity for a new morale, a new attitude in a new civilization, calling attention to the fact that all classes will be benefited by this social change. I will be more than happy to give you a bibliography immediately after this session, of socialist books which have stressed the point and I may modestly include my own contribution.

To Justus Ebert, I want to say that with your entire criticism, if it applied to me, I would agree. I did not say what you thought, however. What I did say was that the daydream of the general strike as a means to social revolution is only cherished by fanatics. I had in mind the general strike as an instrument of the overthrow of capitalism. It may have other uses. For you mustn't forget, my dear friend, that the man talking to you is supposed to be the fellow who called the general strike in the Sacco-Vanzetti case, called it and called it off. I did my best to bring about a general strike in that instance.

As to Brother Baldwin, I hesitate to criticize him in view of the fact that he has had the floor before me. But I just want to use the remaining time I have in the definition of

one word, "militancy." If that word means anything at all, and as he said the communists seem to appeal more to the youth because of their militancy, let's examine what it does mean. Militancy in my estimation and my knowledge of dictionary definition means aggressive, courageous action toward a given end. If the communists were militant in their constructiveness I would agree with you. I am inclined to believe, however, that you mistake the noise for the fact. And there is the point that should be elaborated. If they are militant in a constructive sense I assure you I am with them. What I admire particularly in this country is their militancy along the line of the cooperatives and I glory in their achievements there, and all the hundred and one things they are doing in Russia in creating a new Society. I glory in that. But when they use phrases and exaggerated notions and all sorts of excitement as evidence of militancy, then I quarrel with you. True, the youth are easily appealed to by phrases, by excitement, by having a speaker stand before them with whom they do not agree and then issuing one militant mass cry, "Boo!" If that is militancy, I am sorry. It is contrary to our ideals of civilization.

They are militant on the political field in this country. Are they? Their militancy is so effective that they have dwindled to a hopeless minority to the extent that they themselves regard their political party and their ticket as a joke. Take the Sacco-Vanzetti case as an example. I do not deny their sincerity and honesty. But I say this, that their lunatic tactics in calling for violence and calling for revolution to save these two unfortunates created a reaction that was a factor in the execution of these men. Communist tactics were likewise illustrated by their successful attempt to disrupt a meeting in Union Square with which they had absolutely no connection, were not invited and were told to stay away.

So far as the trade unions are concerned, I know they are not all Kosher, as we say in New York, but how can my friend Baldwin laud the militancy of the communists there to save the unions from capitalism when surely he knows by

this time that the militancy there consists of calling names, of besmirching and throwing mud at everything they don't agree with, bringing about a dissension in these unions that makes them absolutely impotent. When you look at the wreckage of the International Ladies Garment Workers and the Furriers and other unions, surely you will realize that anyone giving aid and comfort to the group engaged in such activities is unconsciously helping the capitalist class.

And now they are over in Pennsylvania. One romantic soul said that he found more class conscious workers in Pennsylvania here than in Russia in 1917. We cornered him outside and tried to get him to name some locality where that existed. I have been in every mining camp. I wish it were true, but there is a delegate here from Pennsylvania and he made the nasty remark to the effect that if these same class conscious miners over there could borrow a sufficient fee for poll tax, they would vote for Hoover, and this delegate knows what he is talking about because he comes from the mining section.

Now, comrades, let's be militant but let's be constructive. Let our militancy lead in the direction of building. And if we do that it may not sound so exciting, it may not be so wonderfully glamorous to the youth. I know youth—I have two babies and when I put them on the merry-go-round they think that that is revolution; they don't know it is one of these communist revolutions. They are excited about these horses, they think they are going somewhere, they don't know they are going in a circle. My militant children are perfectly elated over that. But when they grow older they will notice that those horses are stationary and that they have gone around in the same circle. There are so many of these youngsters a little older than mine who are now the militant youth of the communist movement. And when the day comes, I will bet the rest of my hair you will find them voting Democratic.

NEXT STEPS

MR. BENJAMIN C. MARSH: Let me at once state that I am not a socialist but I am going to speak upon what I regard as the next steps and you will pardon me if I suggest that they are the things for which I have been working for several years in Washington.

1. Care by the Federal government of men, women and children who are the victims of our present sort of prosperity. This means unemployment insurance. It also means an immediate appropriation for the federal relief to children of the unemployed, to the coal miners, textile strikers and bankrupt farmers.

2. The whole program of taxation. This means a progressive estate or inheritance tax and income tax. We should try to repeal our indirect taxes on consumption. I remember a few years ago the Grange and the Farm Bureau, the two largest and most conservative farm organizations were practically in favor of the sales tax and opposed to the federal estate tax. A lot of work was done, however, and it was defeated.

3. Public ownership program. This should be applied to natural resources. It ought to be applied to railroads though I am afraid public ownership of them is some time in the future because railroad management and railroad workers have increased their efficiency and for the present seem to be getting along together. I believe sentiment is growing rapidly for government control and development of a giant power system tying up coal and water power. I am afraid that the power trust through its control of municipal franchises and distributing companies may make a magnificent failure out of mere development of power by the government at Muscle Shoals and Boulder Dam.

4. Foreign policy. The contemptible part of our foreign policy is not the danger that we shall make war with great powers but the fact that we are continuously exploiting small countries. This exploitation may seem to help American labor temporarily, but only temporarily. I suggest (a) that

the life and property of Americans abroad be left to the protection of the country in which they are, (b) that we investigate American concessions abroad and make public record thereof. This proposal was blocked again in the last Congress by Senator Borah. None of the missionary societies or old line peace organizations endorsed it. (c) Any future supervision of any country's elections on this continent should be under Pan-American supervision rather than our own. (d) There should be an international conference on conservation, development and distribution of the world's natural resources and raw materials.

Finally I advise you not to worry about the farmers. What they need worse than anything else is to have the interests which are exploiting them stopped, instead of trying to get into the trough of special privilege themselves. As to the tariff, I assure you that in a few years or as soon as they can unload the loans they have made to American manufacturers, the international investment bankers will go ahead toward tariff reduction.

Professor Vladimir Karapetoff: Among the papers in this book there are some which might be called theoretical. Practical workers are inclined—some of them—to sneer at the theoretical economists in this field. I want to say a word of warning about the necessity of scientific theoretical research on the question of socialism. In defence of this position I wish to relate what happens now in the industrial world, with regard to scientific research.

Before the war practical men sneered at theoretical research, be it in factories or even in the medical profession. They wanted practical, quick results. At the present time the tendency is in the other direction. All large industrial organizations maintain powerful research departments wherein investigations in physics and chemistry are made to insure the quality of the product. As to medicine, it is known to you that we have big foundations (such as Rockefeller's) where scientists work on general principles, making new discoveries which practical physicians may use later.

In the same way, whether it be the L. I. D., the American Federation of Labor, or any other organization of that kind, I hope that influence will be lent toward stimulating scientific research and encouraging those who, like Karl Marx, are working on a formulation of social phenomena and laws that go on about us.

I know that in industry it is rather difficult to obtain appropriations from a board of directors for scientific research, because financiers do not see the point yet. But the managers already see it, and it is through their influence that boards of directors have been induced to give money for research. The expectations have been fully justified.

In the same way, I believe that the L. I. D. (and I make this as a definite suggestion for its board of directors) should in some way recognize, as part of their activity, scientific research in sociology and economics. Looking upon the subject more broadly, research in biology should be included because after all man is an animal, and particularly in groups acts very much like a lower animal. This means research in mass psychology and in the corresponding branches of biology.

As an example of such research, in which I have been engaged in a small way privately for some time, I wish to give here a formulation of a law which may or may not be original with me, but which I will call *the law of dynamic equilibrium*. It applies broadly to biology and consequently to the behavior of human beings in groups. It may be formulated as follows: There is no static or stationary equilibrium in the organic world. All equilibrium of groups of animals and plants is a dynamic equilibrium, is a constant struggle. My love for nature originally called my attention to this law. My other approach has been through my study of the theory of gases. Take a certain quantity of compressed gas in a tank. To the man in the street it is something stationary; it is compressed and that is all there is to it. But exact science shows us that a gas consists of molecules which are in a state of very rapid agitation, with collisions and bombardments of the walls of the containing vessel. And if you have a mixture of two or three gases whose molecules are

of different weight, you have the same condition as when a crowd of grown-ups and children streams out through a narrow door; the children have to push harder in order not to be crushed. So in gases, that which seems to be a static equilibrium is in reality a constant struggle.

One of the most inspiring sights to me in nature is a jungle before man comes with his ugly green paint. A jungle may exist a hundred thousand years, nay, millions of years, with thousands of living species eating each other, without malice or envy, and yet propagating just in proportion as they eat each other. That is an equilibrium, but not a static (stationary) equilibrium by any means.

So let us not dream about the future socialist state as a condition where everybody will smile toward everybody else, where all shall be peace, and where lambs and lions shall lie together. Biologically I cannot conceive of such a state and frankly it does not appeal to me. Any future state of society will involve a constant struggle, I hope even more intense than the present struggle. It may be a more civilized struggle but I look for a struggle, like a combat among different parties in a parliament.

The reason I mention this subject here is that I was sorry to see a somewhat bitter attitude existing between various factions of our people. Persons who are inclined toward impatience and action are liable to sneer at those of us who have more patience. Let us welcome all such as they are, for they cannot be otherwise. Let us not wish this society or any other society to consist of folks of the same kind and the same size. Let us have as much variety as possible. Let us have this condition of dynamic equilibrium of different molecules of gas in a vessel bumping against each other and yet recognizing the place of each other. Above all, let us recognize that such a struggle is an inevitable biologic law; let us rejoice in it as in any game and not grow bitter.

PART IV

SOCIALIST THEORY

CHAPTER XI

THE ECONOMIC INTERPRETATION OF HISTORY

INTRODUCTION

THE economic interpretation of history, or the materialistic conception of history has long been regarded as one of the cornerstones of Marxian socialism. While suggestions of the theory were found in writers before Marx, he was the first to recognize its importance and its implications. Germs of the theory were found in his *Holy Family,* published in 1844, when Marx was but 26 years of age. It was implicit in all of his later writings, and elaborated somewhat in his *Critique of Political Economy,* published in 1859. Pressure of other work, however, prevented the founder of scientific socialism from giving to this theory the systematic and complete treatment which he desired.

The economic or materialist interpretation is a theory of historical development in contradistinction to the idealistic interpretation of Hegel and others, to the religious interpretation of Benjamin Kidd, the political interpretation of Aristotle and the physical interpretation of Buckle.

The theory in brief asserts that in any given epoch the economic and social relations of society, the means whereby men and women provide for their sustenance, produce and distribute the things they regard as necessary for the satisfaction of their needs, exert a preponderating influence in shaping the progress of society and in molding political, social, intellectual and ethical relationships.

Perhaps the clearest statement of this doctrine was made

by Frederick Engels in 1888, and appears in the later Preface of the *Communist Manifesto.* It states:

> "In every historical epoch the prevailing mode of production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained the political and intellectual history of that epoch; that consequently, the whole history of mankind (since the dissolution of primitive tribal society holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolutions in which, nowadays, a stage has been reached when the exploited and oppressed class —the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoisie—without, at the same time, and once for all, emancipating society at large from all exploitation, oppression, class-distinction and class struggles."

Many have criticized the theory on the assumption that Marx and Engels emphasized the economic to the exclusion of all other factors. This, however, is not the case. Marx and Engels constantly cautioned their followers against a too extreme interpretation. They acknowledged, furthermore, that the "actual form of social organization is often determined by political, legal, philosophical and religious theories and conceptions," and that, while developments in these last named fields rest ultimately on the economic, "they all react upon one another and upon the economic foundation."

Other critics have assumed that the theory proclaimed that each individual or group was motivated entirely by its economic interests. This theory sometimes referred to as "economic determinism" constitutes no part of the Marxian interpretation. The Marxian theory deals with the effect of methods of production and exchange on the whole social structure. It declares that ethical codes under any economic system are formulated by the economic rulers of that system, who

try to force the adoption of these codes upon society-at-large. In very many instances for a considerable period these ruling groups are successful in this attempt, and get masses of people to follow a course of action diametrically opposed to their interest and in line with the interests of their oppressors. Even when the oppressed groups are able to see clearly where their interests lie and begin a revolt in line with the interest of the group or class to which they belong, they may not be said to be economically determined as far as they as individuals are concerned; they may, in fact, sacrifice their every interest in behalf of the larger interests of the group to which they belong.

In the following brilliant essays, Professors Barnes and Goldenweiser, James Oneal, Henri deMan and Ernest Untermann and in the discussion Algernon Lee and others, deal, from varying angles, with the extent to which the economic and material factors in society may be regarded as basic in the progress of the past, present and future and its relation to the general Marxian philosophy. The unanimity with which both socialists and non-socialists taking part in this symposium agree with the essential soundness of the theory is a great tribute to Marx. The suggestions of revisions that should be made in view of recent discoveries in science are of interest. Though the symposium is in no sense conclusive, it is a distinct contribution to this important historical concept.

THE ECONOMIC INTERPRETATION OF HISTORY: ITS USES, STATUS AND LIMITATIONS

By Harry Elmer Barnes

SOCIALISM, MARXISM AND ECONOMIC DETERMINISM

The time has now come when socialism, Marxism and the economic interpretation of history should be dissociated in the discussion of open-minded persons, though of course we should recognize the historic fact that Marx is the most

important figure in the history of socialism and also the man who did more than any one else to call attention to the neglect of economic factors in the study of history. Socialism may well be vindicated, even though much of the specific Marxian economics may be shown to be fallacious and though the economic interpretation of history cannot be demonstrated to be impregnable.

It is a sufficient justification for socialism if it can prove to fair-minded people that the present system is unnecessarily wasteful and oppressive and can offer reasonable assurance that the socialistic system of production for service can actually be established and will notably improve human well-being. Therefore, there seems to the speaker to be no reason whatever why the devotee of socialism should cling frantically to the economic interpretation of history as something which must remain impeccable, lest the whole fabric of socialistic philosophy and practise might fall in ruins before him.

Personally, I accept the socialistic critique of the existing economic order, but maintain a tentative attitude of amiable skepticism with respect to the possibility of establishing economic democracy. Therefore, what I shall have to say about the economic interpretation of history is in no way connected with any fervid emotional desire to defend to the limit the program of contemporary socialism. It is equally divorced from any hostility to socialism.

CRITICISMS OF THEORY THUS FAR INADEQUATE

Perhaps the first point which I should like to make in regard to the question of a critical examination of the economic determination of history is that the great majority of the critiques produced up to the present moment have been incomplete, irrelevant or both. In most of the criticisms of the economic determination of history, the Marxian view of history has been confused and identified with the Marxian system of economics and with the hedonistic calculus which Marx took over from Bentham and the classical economists. This is distinctly true of the latest and one of the most elaborate

of the critical analyses of the economic determination of history, namely the thorough and scholarly book by Dr. Mandell M. Bober. Though this is entitled *Karl Marx's Interpretation of History* it covers practically the same field as O. D. Skelton's *Socialism: A Critical Analysis.* It is in no sense a specific study of Marx's views of history, but is rather a thoroughgoing and exacting critical analysis of the whole Marxian system of economics.

It needs scarcely to be pointed out that the economic determination of history in no way stands or falls with the Marxian economic dialectic. While Marx regarded the economic interpretation of history as an integral part of his system, the real core of Marxian economics: the labor theory of value, the class struggle, the expropriation of the capitalists, and the establishment of the socialistic commonwealth, is in no sense dependent upon the validity of the economic interpretation of history. It goes without saying that it is equally true that the economic interpretation of history can stand or fall entirely independent of the tenability of the Marxian economic analysis. Therefore, when one has disposed of the labor theory of value, or of the Marxian psychology, to the effect that man is a cold and calculating intellectual machine, dominated in his conduct solely by considerations of self-interest, he need not imagine that he has thereby and incidentally settled the fate of the economic determination of history.

NEED FOR INTENSIVE STUDY OF MANY FACTORS

The earlier criticisms of the economic determination of history have not only frequently been invalidated because of their identification of this theory of history with Marxian economics; they have also, for the most part, been naive because they were worked out prior to and in ignorance of the formulation of the processes and principles of cultural and institutional development by the cultural anthropologists and the institutional historians. Such a book as Clark Wissler's *Man and Culture* is of greater importance as a preparation for a

critical study of the economic interpretation of history than all the solemn treatises on historical methodology and economic theory ever published. Hitherto, it has been regarded as a sufficient critique of the economic determination of history to show that essentially the same system of economic production does not invariably produce exactly the same type of society and culture among all peoples, irrespective of the cultural background out of which this system of production developed or into which it was introduced.

To the cultural anthropologists and historians there would be no such assumption whatever. They would recognize that society is a complex variable, made up of numerous and complicated elements. Any sensible view of determinism could not well mean that a single dominant factor in the social and cultural situation would always produce an identical result in each and every type of cultural complex. Rather, the critical student would at once recognize that the operation of any element in civilization is bound to be conditioned in a highly specific and particularistic fashion during the process of its development in any cultural area.

For example, though the economic factor might in every case be the dominant one, it could scarcely be expected, for example, that the same system of technique in manufacturing would produce identical cultural results in Scotland, Spain, Russia, India, Japan, and Togoland. The thoroughly up-to-date student of cultural phenomena, even though he believed in the validity of the economic interpretation of history, would never expect to discover similar economic processes producing identical cultural responses in every society, however different the cultural complexes which existed. Therefore, when investigating the problem of economic determinism, we should at once give up the expectation of discovering identical cultural systems as the outgrowth of similar economic processes, and should concentrate our attention upon a very careful and intensive study of the interrelations between the economic and other factors in each specific cultural complex. It is also well to bear in mind the highly differential reaction of economic elements upon the other aspects of civil-

ization. Not every non-economic phase of civilization is affected to the same degree by the economic factors. Government much more directly reflects economic forces than art or religion, for example.

In other words, in our future studies of economic determinism, we should follow the example set by Boas and the critical ethnologists and by Vidal de La Blache, Richthofen and the regional geographers. Boas and his followers showed that the facts in regard to cultural evolution could only be discovered upon the basis of intensive studies of specific cultural areas, and Professor Lowie has shown that such studies will not allow of that simple and lucid synthesis of cultural and social evolution, characteristic of such works as Lewis Henry Morgan's *Ancient Society*.

The regional geographers have likewise pointed out the essential futility of attempting to settle the question of geographical determinism by broad and vague generalizations in regard to generalized environmental influences on a world wide scope. They insist that scientific headway in regard to the question of geographical factors in history can only be made upon the basis of highly intensive studies of the interaction between geographic and other elements in specific and unified geographic regions.

Much the same orientation must be given to the future study of economic factors in society. *We must pass from efforts at large scale and sweeping generalizations to a very careful study of the interaction of economic and other influences in each cultural area.* The results obtained from a quarter of a century or more of such monographic studies might well serve as the basis for an ultimate judgment as to the validity of the doctrine of the economic interpretation of history.

It would scarcely need to be pointed out that the samples selected for study should be taken from every stage of economic development, drawing upon anthropology and history for examples of society and cultural complexes differing from those of our own day. I would suggest in passing that the vast mass of material assembled by Frédéric Le Play and his

associates in their monographic studies of the families of working-men in relation to their geographic and cultural surroundings is probably more important for testing the economic interpretation of history than all the work done in the field of economic analysis by Marx and all his subsequent followers or critics. Those interested in a realistic approach to the economic determination of history would have done far better to have confined themselves to a critical examination of material like this gathered by Le Play than to have given themselves up to the theoretical discussions and analytical dialectic of the Marxian system and the controversies it has engendered. The economic interpretation can only be tested by investigation, not by argument.

It might be well also to insist that the validity of the economic interpretation of history does not necessarily mean exclusively the soundness of the particular version of economic determinism expounded by Marx. It is quite true that, as Dr. Alvin H. Hansen has contended, Marx's own interpretation was far more comprehensive and subtle than most of his critics and followers have realized; yet, it can scarcely be maintained that the economic interpretation of history must be regarded as completely identical with the Marxian version. *Further, it is probably best to abandon such a dogmatic formula as that of economic determination and to adopt in its stead the more scientific and contemporary conception of the economic conditioning of civilization.* The conception of conditioning does not necessarily commit one in advance to the expectation or necessity of discovering a certain or specific result and gives at once a more objective and scientific tone to the whole discussion.

In the light of the above criticism and qualifications relative both to the defence and the criticism of the economic interpretation of history, it would seem that we may almost say that the whole subject presents a virgin field for the theoretical anthropologist, historian and economist. Practically all which has been done up to the present time may be set aside as of little relevance, with the exception of the massing of concrete materials in field and monographic studies

and of the formulation of the laws and principles of cultural evolution by the cultural anthropologists and historians. Neither the exponents nor the critics of economic determinism have thus far been in possession of either the technique or the information essential to a definitive defense or critique of the doctrine of the economic determination of history.

CLASSIC INSTANCES CITED AGAINST THEORY

We might call attention briefly in this connection to certain classic instances brought up by opponents of economic determinism in their effort to discredit this doctrine. The non-pecuniary and somewhat anti-capitalist psychology of certain of the ancient Greek city-states, and the absorption of such Greeks in aesthetic interests and activities, are often offered as a refutation of the economic interpretation of history. Before any such contention could be regarded as conclusive, however, it would first be necessary to undertake an intensive analysis, for example, of the Athenian cultural complex in the age of Pericles, and to discover how far the aesthetic ideals of the Greeks grew out of their general mode of life and how far the latter was related to the nature of the economy of Attica. The economic causes of the decline of classical civilization would also need to be examined in a painstaking manner.

Another case is that of the early and medieval Christians. It has been held that the Christian philosophy of life and the primarily religious interests of the Middle Ages offer another definitive refutation of the economic interpretation of history. Before we can accept this, however, it would be necessary to see how far the growth and success of Christianity was linked up with the economic and social conditions involved in the decline of classical civilization and the decay of Roman imperial, provincial, and municipal institutions. We should have to inquire as to how great a degree the success of Christianity was due to the fact that it offered compensation for progressively less favorable economic and social conditions here on earth.

An economic history of Monasticism would also be highly relevant in the way of examining the extent to which the ideals of Christianity were able to withstand the conditions of economic prosperity. Likewise, it would be necessary to examine the manner in which the ideals of Christianity have been modified by and adapted to changing economic conditions. Saint Jerome, Saint Anthony, Saint Francis of Assisi, John Knox, Richard Baxter, Chancellor Day and Bruce Barton all have regarded themselves as equally sincere, authentic, and literal followers of the doctrines of Jesus of Nazareth.

Perhaps the most powerful argument against the economic interpretation of history is that which Ernest Troeltsch and Max Weber have launched in their contention that the capitalistic revolution did not produce Protestantism, but rather that the Protestant ideals constituted a powerful force in bringing about the rise of modern capitalism. Before one could accept this hypothesis, however, it would be necessary to examine just how far the early Protestant ideals grew up out of changing social, political and religious conditions which were, in differing degrees, associated with economic transformations between the period of the Crusades and the discovery of America.

In his *Decline of the Medieval Church*, Dr. A. C. Flick has shown the powerful economic forces lying back of Protestantism. It will scarcely be necessary to point out that modern dynamic psychology has definitely silenced one type of opposition to the economic determination of history, namely, the protestation of non-economic motivation by those who have been conspicuously successful in various types of economic enterprise. The mechanism of "compensation" explains for all time the irrelevance of this type of critique of economic determinism, so common among complacent plutocrats.

A TENTATIVE THEORY OF HISTORICAL CAUSATION

In a rough and tentative way, it may be held that the chain of historical causation is something like the following: We

have as the two constant factors in history the geographical environment and the original nature of man, but these somewhat constant factors are so involved with other conditioning influences that their interaction is continually varying in nature and content. The original nature of man, reacting to a given form of environment stimulation, will produce a specific outlook upon life. This will control the degree to which science and technology can develop and will determine the forms which their evolution will take. Technology will, to a large degree, determine the nature of the economic life which can exist in any given epoch. The economic institutions will exert a powerful conditioning, and sometimes a determining, influence upon the other institutions in society: social, political, juristic, religious, ethical, educational and literary. Marx's view of historical causation differed from the above, in that he began with the technological factor rather than with the nature of man and his physical environment and the outlook upon life produced by the interaction between the two. This would not, however, necessarily invalidate his contention that technology determines economic institutions, while the latter determine politics, law, religion, etc.

But the historic process is not so simple. Cause and effect are continually acting and reacting upon each other. A few mechanical inventions may alter the economic and social life of man so completely as to transform the dominating psychology of any epoch. Again, certain psychological and religious factors may at times be so strong as to obstruct the dictates of economic advantage and material prosperity. The Greek absorption in metaphysics and aesthetics, for example, seems to have prevented them from making any extensive application of their scientific discoveries. The skein of historical development is a tangled one, and it is a profound historian who can solve the problem of cultural causation in any single period of human development, to say nothing of being able to formulate a universally valid and applicable interpretation of history.

Much the same criticism may be directed against the dogma of fixed and invariable "economic laws," applying with uni-

form pertinence and relevance to all peoples in all stages of culture. Laws can be formulated only on the basis of many observed repetitions of phenomena under identical circumstances. Obviously, human history furnishes no such data with respect to the genesis of culture as a whole or economic aspects of culture in particular. There are few or no cultural complexes or patterns of economic behavior and achievement which repeat themselves or reproduce themselves with completeness or fidelity, and even approximations to repetition may be due to the operation of new and strange factors. As the cultural anthropologists and historians have proved, through their famous principle or process of "cultural convergence," identities in form do not necessarily prove identity of origin, development or content. Cultural similarities may be quite as much the product of accidental or fortuitous convergence as of identical development through conformity to immutable laws of evolution. Perhaps no one has summarized this view more concisely than Dr. Franz Müller-Lyer, even though he does not himself apply it in full in his own writings:

"Since culture is constantly developing fresh phases, since nothing repeats itself—excepting for the case, which we need not here consider, of the progress of backward peoples—and since no link in the great chain of causality is like the previous one, except possibly in external appearance and that delusively, the inference of analogy fails; we cannot say that this condition of culture has already existed once, and that, therefore, we may expect the same results again. In the process of the development of culture, circumstances are constantly changing; thus history teaches us nothing concerning the economic laws of development."

Another obstacle in the way of formulating the laws of economic development lies in the fact that the economic evolution of mankind is not yet a completed process. It is now going on more rapidly than ever before. Hence, even if we could discover enough identities and repetitions in the economic life of the past, we would scarcely be warranted in enunciating rigid universal laws, for we could not be sure that the developments of the future would not upset

and refute all generalizations based upon the past. The rejection of the conception of rigid and invariable laws of economic development does not, of course, mean that one need accept the hypothesis of chaos and absolute arbitrariness in the past, which forms the assumption, tacit or explicit, of the conventional anecdotal and episodical political historians. We may well recognize very definite tendencies in the economic development of certain times and in certain places in the past, a knowledge of which may serve as a very great aid to our understanding of the nature and significance of history, but we should not confuse a local or temporary trend with a universal and cosmic law.

ECONOMIC DETERMINISM AND CONTEMPORARY SOCIETY

With the above reservations, I would subscribe at least tentatively to the opinion that *in the period since the Industrial Revolution the other factors in our cultural complex do seem to have been pretty definitely colored, if not, indeed, actually determined by the economic elements.* The general cultural, social and psychological results of the Industrial Revolution present an admirable opportunity for testing the validity of the economic determination of history. It can scarcely be denied that the facts to date afford a large degree of confirmation of Marx's thesis, though it was unquestionably the development of rationalism and science since 1500 which made possible the technological revolution that established capitalistic enterprise so firmly.

In regard to society in general, our institutions have come to be based in large part upon the new economic order and its processes. Population growth has paralleled the new industrial evolution. The foundations of social classification and the social hierarchy conform rather completely to the economic differentiation of society. Our social interests are primarily bound up with the economic interests, real or supposed, of each class. There is little doubt that social values have taken on the pecuniary coloring of the capitalistic order, the bourgeoisie desiring to acquire more and the pro-

letariat attempting to check this and to capture industrial processes for its own use.

Government and Class Domination

Government remains, as it has always been, fundamentally a struggle between economic classes, but this conflict has now become primarily one between the capitalists and the proletariat, with the intermediate group tending as yet to side with capital in most industrial states. In some of the more archaic states, economically considered, like Hungary, the landlords still control politics. In most of the Western states the capitalists have come to dominate. In Russia we have the proletariat in the saddle. In certain countries like England, there is still an essential deadlock between the older agrarian interests, capital and the proletariat.

Not only domestic politics but also international relations have come into conformity with modern industrialism. *The basic motivation of international relations in recent years has been the effort to secure raw materials and markets, and it is not without reason that contemporary diplomacy has been variously denominated as "dollar diplomacy," "oil-burning diplomacy" and "rubber-neck diplomacy."*

Law and Economics

Law has shaped itself in harmony with the outstanding aspects of modern industrialism. Where the bourgeoisie have come to control, the theory of a natural order based upon unlimited competition has furnished the corner stone of juristic theory and practise; so much so, in fact, that Justice Holmes once accused his colleagues on the United States Supreme Court of attempting to insert Herbert Spencer's *Social Statics* into the Constitution of the United States.

The protection of private property, the perpetuity of contracts, the obstruction of state interference in business affairs and the imposition of special disabilities on the proletariat have been the outstanding features of bourgeois juris-

prudence. Where the proletariat have come into control the situation has been reversed and legislation has been passed expropriating the capitalistic and agrarian owners and proclaiming a régime of cooperation or of communism. Without passing judgment upon the question of which procedure, if either, is preferable, it may be remarked that in either case *legal concepts and procedure have adapted themselves very closely to the dominating economic ideals and interests.*

Religion

Religion has not escaped from the contamination of the new industrial age. As Veblen pointed out nearly a generation ago in his *Theory of the Leisure Class*, the "pious observances" of the capitalists are little more than a phase of the "pecuniary taste" and "conspicuous waste" of the wealthy. Certain psychologists have since suggested that they may also be a manifestation of psychic compensation for the dubious economic ventures of week days.

The capitalists have in most places been able to insure the use of religion among the middle classes in such ways as to emphasize the sanctity of private property and the perpetuity of the capitalistic system. The Church is still primarily a mechanism for capitalistic propaganda. In his *The Man Nobody Knows*, Bruce Barton has openly and frankly created "a Wall Street Christ." On the other hand, in a régime of proletarian domination, supernaturalism tends to be discarded and a secularized religion based upon the communistic dogmas comes to supplant it. When the proletarian leaders retain Christianity they represent it as primarily a program of secular economic revolution, a point of view vigorously maintained by Upton Sinclair in his *They Call Me Carpenter* and by Bouck White in his "Church of the Social Revolution."

Ethics and Economics

Ethical questions and solutions have not remained apart from this situation. The capitalistic groups have been fiercely

determined to retain the supernatural and conventional theory of ethical judgments and standards, which represent morality as almost wholly a matter related to religion and sex—a moral man being one who is formally affiliated with an ecclesiastical organization and whose sexual conduct in public is externally correct.

This theory is highly convenient to the plutocrat, as the reprehensible practises associated with theory of business enterprise thereby escape condemnation, and he usually has the pecuniary resources to obscure his sexual dereliction unless he is uncommonly stupid and unlucky. A person like Mr. Sinclair of the oil scandals is deemed much more "moral" than the Countess Cathcart. The reformers, on the other hand, incline to minimize the significance of supernatural standards and sexual criteria in ethics, and contend that capitalism, waste and economic oppression are the really serious forms of immorality. Moral standards, they maintain, must be secularized and socialized. They contend that a book like Stuart Chase's *Tragedy of Waste* reveals a much more serious type of immorality than the classics by Ovid, Petronius, Boccacio, Casanova, Zola or Frank Harris.

Domination of Our Schools

Each economic class in society has not failed to recognize the importance of capturing the school system in behalf of its cause. Capitalistic states base their education, as far as possible, on subjects perpetuating the old "humanities," which in no sense bring up the dangerous problems of property and economic justice. As educational progress has more and more necessitated giving attention to the social sciences, the vested capitalistic interests have endeavored to give the instruction therein such a slant as to emphasize the sanctity of private property and the perfection of the present scheme of things.

In the especially precarious field of economics, there has been an effort to divert attention from the description and analysis of the contemporary economic order and to con-

centrate pedagogical activity upon instruction in the innocuous pecuniary dialectic of the classical economies, or in directions as to how to administer more profitably the present system of business enterprise. The risky nature of pedagogical insistence upon straightforward presentation of the facts regarding the existing state of economic and social affairs has been indicated with an ample display of clinical material in the reports of the American Association of University Professors, in Upton Sinclair's *The Goose Step* and *The Goslings*, and with withering irony in Thorstein Veblen's *The Higher Learning in America.*

Conventionality in Morals

Not only do the capitalists insist upon correctness in all instruction pertaining to the existing economic and social system; they are also extremely sensitive in regard to formal moral correctness, as they recognize the invaluable service of conventional moral codes in maintaining capitalistic respectability. Hence, there is little toleration for any effort to offer instruction in scientific ethics or to suggest that the whole problem of ethics must be given a broad social and economic setting.

There has been a concerted attack on scientific sociology as especially dangerous in this regard. The slightest deviation from conventionality in doctrine or practise is immediately pounced upon and branded as "free love." A professor of ethics was congratulated because on a questionnaire his students rated fornication as a more serious crime than murder, while eminent sociologists have been fiercely attacked for merely submitting questionnaires to ascertain the views of the younger generation on sexual matters. A popular teacher in one of the larger school systems was recently dismissed for allowing a student in an advanced class to read and construct an English theme about the restrained and generally critical discussion of the newer morality contained in George Jean Nathan's *The Land of the Pilgrims' Pride.* The bourgeois group rarely stop to reflect that by bringing

women into industry and gradually breaking up the home they have done more to disrupt the earlier monogamous family life than all the exponents of "free love" in human history.

When the proletariat capture the educational system they likewise see to it promptly that the schools become a powerful adjunct of socialistic or radical proletarian propaganda and devote themselves to the task of training up young labor unionists, communists or syndicalists.

Art

Art thoroughly reflects the age of contemporary materialism. The new technology has made possible a new type of massive architecture, most notably exemplified by the metropolitan skyscrapers. These same technological advances have led to the remarkable standardization of architecture and many other phases of art, where products can be duplicated and produced on a vast scale and far more cheaply than by the old individualized methods of handicraft manufacture.

It is not surprising that the *New York Evening Post* of March 19, 1928, carried as a prominent news item the following announcement: "Artist Aims to Be the Ford of Statuary." The article continued: "A combination of Henry Ford and Benvenuto Cellini was found in New York today. He is Simon Moselsio, a Russian sculptor, who follows the Detroiter in the use of quantity production and the Florentine in personally attending to every detail of manufacturing. He works in four materials—porcelain, wood, marble and bronze. Just now he is producing in quantity tiny bronzes, with the result that statuary may soon adorn any smoking stand, mantelpiece or 'whatnot' where Americans keep their objects of art." Nor can one overlook in this regard the growing importance of the movies and the radio as a method of producing a type of highly standardized visual art and music.

Contemporary art has tended to specialize on *motifs* usually associated with some aspect or another of contemporary in-

dustrial society, and not infrequently eulogizes by implication the achievements of the bourgeoisie. Then, the great financiers and industrialists use their pecuniary resources to acquire the great masterpieces to endow metropolitan art museums, and stand before the public as the real patrons and connoisseurs of art. How far they actually are in many cases from any real appreciation of the artistic spirit and values may be seen from the naive surprise and indignation once expressed by one of the great American industrialists when the trustees of the Dresden gallery refused to sell him the Sistine Madonna at any price which they chose to set upon this work!

When the laboring classes dominate society, art is immediately drafted into the service of the proletariat, as the example of Russia affords illuminating proof. In such cases, it would appear that the themes of art become even more frankly materialistic, and are utilized more directly for propaganda and education.

Journalism

Journalism has long since become a class affair, but the superior pecuniary power of the capitalistic press and their capacity to attract remunerative advertising have enabled them to present a better range of entertainment for their readers and to print papers of a far more impressive physical appearance. Therefore, the proletariat have usually failed to support the papers of their class with adequate loyalty—a serious obstacle to proletarian propaganda and to education in social radicalism. In spite of the existence of more than a quarter of a million toilers in industry in New York City, there is not a single powerful labor daily, and all too scant support for the one or two reputable labor weeklies. This fact is both a standing scandal to American labor and an admirable refutation of the Marxian thesis of the cool and calculating self-interest of man in general and of the laboring-class in particular.

Literature

Finally, literature shadows forth the economic stratification of society. The non-fiction work is given over more and more to the description and analysis of questions connected with modern industrialism and to the plans for conserving, mitigating or destroying it. Fiction, likewise, is in part devoted either to the eulogy or the criticism of capitalistic institutions and practices. When not so employed it chiefly provides diverting entertainment for the leisure class or pictures thinly veiled Utopias where the radically inclined author gives vent to his wish-fulfillments in portraying what appears to him to be a better world in which to live.

The most extensive effort to present an economic interpretation of contemporary industrial civilization has been executed by Mr. Upton Sinclair in his various books: *The Jungle, King Coal, Jimmie Higgins, The Profits of Religion, The Goose Step, The Goslings, Mammonart, The Brass Check,* and *Money Writes.* While we can not avoid admiring the courage, industry and information possessed by Mr. Sinclair, the work should be done over with less indignation and rather more humor and irony, a task partly executed by Thorstein Veblen, unfortunately in a literary style likely to render his works permanently obscure.

WILL SOCIALISM END ECONOMIC DETERMINISM?

Though it would seem that the economic determination of history is a formula which proves adequate to explain the development of western society since 1750, yet we should call attention to the interesting suggestion of G. D. H. Cole, to the effect that the establishment of a socialistic commonwealth should terminate the operation of economic determinism. *In the socialistic commonwealth, economic factors should no longer prove dominant.* In the period when production is carried on for service instead of profit, economic factors should be subordinated to social and cultural con-

sideration. In other words, the economic determination of history explains a condition which should be characteristic only of capitalism or of pre-capitalistic eras. Paradoxical though it may seem, socialism, which has based its creed in part upon the thesis of economic determinism, should terminate that type of social existence in which the thesis of economic determinism possesses validity. We may well quote a paragraph from Mr. Cole, in which he states his thesis that the Marxian theory of history holds good only for a society suffering from the malady of acquisition and that in a society functionally organized for service-production the economic factors would shrink to their proper proportions:

"In short, if economic classes and class-conflicts are done away with, the Marxian thesis will no longer hold good, and economic power will no longer be the dominant factor in society. Economic considerations will lose their unreal and distorted magnitude in men's eyes, and will retain their place as one group among others round which the necessary social functions are centered. For the artificial material valuation of social things, which is forced upon us by the actual structure of present-day society, it will become possible to substitute a spiritual valuation. When once we have got the economic sphere of social action reasonably organized on functional lines, we shall be free to forget about it most of the time, and to interest ourselves in other matters. The economic sphere will not, of course, be any less essential than before; but it will need less attention. Always associations and institutions, as well as people, need most attention when they are least 'themselves.' Our preoccupation with economics occurs only because the economic system is diseased."

KARL MARX AND SOCIAL SCIENCE

Karl Marx's position in the history of historiography is in no important sense linked up with the question of the absolute validity of the economic interpretation of history as a universal key to the development of human culture. *As a formula, the dogma of economic determinism certainly serves*

to explain more of human history than any other concept of historical interpretation. To have been the foremost figure among those who have developed the most useful instrument of historical interpretation is certainly enough of an achievement to satisfy any reasonable follower of Marx. Marx's contribution to history has not been exceeded by that of any other human individual, and his place in historiography is likely to be much more thoroughly appreciated a century hence than it is now.

While recognizing all of this, it is my opinion that Marx's greatest contribution to social science is to be found neither in his systematization of socialistic theory nor in his doctrine of historical interpretation, but rather in the impulse which he gave to the study of institutional economics. The realistic study of economic institutions and processes, for the most part ignored by the conventional and respectable economists, is one of the most valuable and indispensable phases of modern social science, and to Karl Marx institutional economics owes more than it does to any other single individual.

CONCLUSIONS

We may now bring together the main points which we have attempted to set forth in this paper:

(1) Socialism, Marxism and the economic interpretation of history, while associated in historical development, are not identical or inseparable.

(2) The doctrine of the economic determination of history should not be confused with the Marxian economic dialectic. The Marxian economics and the Marxian view of history do not necessarily stand or fall together.

(3) To prove economic determinism it is not necessary to show that the same economic factors will produce identical cultural complexes in every case whatsoever.

(4) Both the expositions and the critiques of the economic determination of history have thus far possessed little relevance or adequacy, for they have been composed for the most part in ignorance of the processes and principles of

cultural development, as elucidated by the anthropologists and historians, and in advance of such intensive studies of specific cultural areas as would enable us adequately to test the interrelation of economic and other factors in society.

(5) We must have a generation or two of intensive studies of cultural areas representing different periods of social evolution before we can state with any decisiveness whether the economic interpretation of history is valid or not.

(6) The process of cultural development is extremely complex, and any theory of historical causation can as yet be scarcely more than a highly tentative and incomplete working hypothesis, to be tested at every step.

(7) For the period since the beginning of the Industrial Revolution it would seem that the thesis of economic determinism is adequate to explain the major trends in institutional and cultural evolution.

(8) If the socialists are successful in establishing an economy based on service rather than private profit they should be able thereby to put an end to the social system in which economic factors are dominant. The time saved from economic endeavor in an age from which waste has disappeared should give a greater surplus of time and energy to be devoted to non-economic interests and activities.

(9) The position of Marx in historiography is a high and permanent one. He did more than anyone else to emphasize what has been the most influential and constant factor in human history. But in social science he will be honored even more for his contribution to the establishment of institutional economics.

(10) Scholarly socialists will do well to promote historical studies designed to emphasize the economic factor in history and to test the validity of economic determinism. They should be on their guard, however, against bringing discredit upon this extremely useful and important type of historical interpretation by any ridiculous effort invariably to explain each and every historical event solely or primarily by recourse to economics. Socialists, no less than capitalists, need to be guided by the facts as they are.

(11) Thus far, however, historical students have been put on their guard chiefly against the biases of socialistic historians, but we must remember that a Gustavus Myers is no more warped in his evaluations and interpretations than a James Ford Rhodes. The skeptical historian must view *cum grano* not only the writings of Myers, Beer, Oneal, Simons, Kautsky and others of this school, but, to an equal degree, the products of the pens of nearly every president thus far elected by the American Historical Association.

THE ECONOMIC INTERPRETATION IN AMERICAN HISTORY

By James Oneal

If by economic determinism we mean the material factors at the basis of society, my answer to the question, "Is the Economic Interpretation of History Valid?" is yes. The materialistic conception of history is a more correct statement of the theory, although to many the definition appears to include some implications that are not intended. On the other hand the words "economic determinism" imply a causal basis of history that is too restricted to account for all the changes in society. It apparently ignores geography and climate and, strictly interpreted, it makes no allowance for the impact of religious, ethical and other ideas upon society or the survival of myths and taboos which shape the thinking and conduct of millions of people.

Man must eat before he can paint, write, dream or speculate. This appears to me to be fundamental. It is not the only factor in society but it is primary and it influences all other factors. How important the material factors are in explaining historical changes may be observed by comparing the work of modern historical scholars who accept this thesis with the work of those who wrote in terms of the great man, or of manifest destiny, or of the patriotic epic, or of politics, of military leaders or of religious influences. Compare the work

of the patriotic Bancroft with that of Charles A. Beard on the making of the Constitution, or Bancroft with Schlesinger on the revolutionary period, and the importance of economics in unfolding the history of events immediately becomes evident.

TURNER'S PIONEER WORK

It is not my purpose to expound theory in this paper. I shall leave that to others and will consider some of the important contributions that have been made to an understanding of American history by those scholars who have approached their problems in terms of geography, climate and economics. Perhaps the most illuminating work has been done by Frederick Jackson Turner in his numerous essays on sectional history and the influence of a moving frontier upon American life and American institutions. Much that had been a puzzle in our history has been made understandable by Turner and other students who eagerly followed the trails he opened up. Since his initial essay appeared in 1893, it may be truthfully said that the whole history of American politics has been rewritten and that political parties, party struggles, political issues and leaders and the whole economic and sectional life of the United States are understood, where before economic and political puzzles too often baffled the historians.

ECONOMICS AND SLAVERY

An example of the importance of the economic factor is the history of the slave economy in the south. The geographical or sectional influence of this region has been made a constant factor since settlement times but its social order and the ideas of its ruling class in the last two decades before the Civil War were in marked contrast with the south of the days of Washington, Jefferson and Madison. In the days of the ascendancy of these statesmen there was a general sentiment in the south for the emancipation of the slaves. Slavery was regarded as a wasteful form of production and as a standing contradiction to the idealist abstractions of the Declaration

of Independence. Slave owners here and there manumitted their slaves and others were willing to release their bondmen if some intelligent system of colonization were worked out. With the exhaustion of the soils of the upper south and emigration to the west of its most vigorous human stock, the economic and political power of Virginia gradually passed to the great planters of the lower south. Cotton replaced tobacco as king and Virginia masters turned to slave breeding to supply the rapidly expanding cotton kingdom.

The profitable returns from the cultivation of cotton wrought a revolution in the ideas of the southern ruling class. Perhaps in no other section of the world has there been such a complete transformation in such a short period. A philosophy of human bondage which included white and black laborers was the intellectual phase of the economic transformation. The philosophical creed of the revolutionary period was subjected to devastating criticism. The new philosophy conquered every phase of the intellectual life of the southern leaders. It was formulated in terms of history, science, religion, ethics, politics, journalism, literature and philosophy. Its substance was that the southern ruling class had discovered the solution of the social enigma which had puzzled the philosophers since the days of Plato and Aristotle. In brief, it declared that subjection of laborers, white and black, to the discipline, control and ownership of the masters of lands and industries was the basis of a noble and enduring social order. Education and the franchise should be withheld from the working class. Northern capitalism was to find escape from strikes and the agitation of dangerous "isms" by disfranchising the workers and binding them in perpetual servitude to the owners of industry. The western lands were to be parcelled out in great estates with black and white laborers bound to serve the owners. Professor Dodd declares that "Every newspaper of every state, so far as I have been able to check them, accepted the ideal." The gospel of perpetual servitude was carried to the north in lectures by George Fitzhugh and others, while leading exponents of it corre-

sponded with men abroad in the hope of winning the ruling classes of the world by this propaganda.

This philosophy had been rounded out into a formidable system of sociology by the year 1850, when the economic power of the Cotton Kingdom had been concentrated into the hands of four or five thousand families. Efforts were made to strike a bargain with the ruling classes of the north, but they failed and the southern philosophy was shot to pieces by northern armies.

One can understand why slavery found a setting in the rich soil and warm climate of the south, but the evolution of this philosophy of servitude can only be understood when interpreted in terms of the economics of cotton culture. The former dominion of tobacco could not produce it and did not produce it, as tobacco culture did not have the possibilities of large economic returns which cottton had.

THE RULE OF THE WISE AND RICH

Geography, soil and climate may also explain why manufactures should appear in the north, but, as these are also constant factors, they cannot explain the changes in the social order of this region since the revolution nor the decline of the aristocratic ideas of Otis, Ames and Webster in the thirties, nor can they solve the peculiar contradictions involved in the War of 1812.

Merchant and commercial capital formed the basis of the New England social order in the colonial period and into the period of the second war with England when considerable capital invested in commerce was transferred to manufactures. As manufacturing became an important interest, free trade New England transferred its allegiance to tariff duties. Webster changed his political creed which favored free trade, to views favoring protective tariffs and even accepted large sums of money contributed by mill owners to keep him in Washington as a spokesman for their economic interests. Geography, soil and climate do not explain these shifts in political views but the changing economic order does.

However, the aristocratic views of the old Federalist school survived this shift from a commerical to a manufacturing basis in New England. The philosophy of rule by the "wise and good and rich" may be found in the writings and speeches of the Federalist merchants, journalists and politicians after the New England mill owners became the ruling class of this section. Webster could frankly assert in his Plymouth Oration in 1820 that political power belongs to those who own the property of the nation and that all the revolutions in history are revolutions in property. He opposed the extension of the suffrage to those who were without property. This continued to be the attitude of the Federalists and their successors, the Whigs, till after the second election of Jackson in 1832. It finally dawned upon the custodians of the aristocratic tradition that they could not win elections by asserting it in the face of a rapidly extending manhood suffrage. As early as 1808, Rufus King had advised that the aristocratic politicians should go with the popular stream, not against it, with the view of regaining political control. The Jacksonian democrats won with sincere appeals to the farmers and mechanics in 1828 and 1832 and sharp attacks on the banking and capitalistic cliques. However, with the success of Van Buren in 1836, Jacksonian democracy was becoming an appetite for office and there was more demagogy than sincerity in the appeals of the democratic politicians.

THE TECHNIQUE OF CONTROLLING THE SUFFRAGE

The Whig aristocrats finally learned the lesson. They stored their aristocratic views in the attic with their wigs and silk breeches and went to the masses with demagogic appeals to the farmers and laborers in 1840 and they won the election. Webster, Otis and others of the die-hard aristocrats had not changed their views, but, facing the reality of almost complete manhood suffrage, they changed their tactics. The pompous gentleman looking down on workers as "boors" and "mudsills" was perfectly proper in the Federalist days

of property qualifications for the suffrage, but it was ridiculous and futile before masses armed with the ballot.

It is from this election in 1840 that we may date the general practise in American politics of concealing from the voters the real aims of the party managers and their financial backers. In the old days, when gentlemen with property, the lawyers and clergy, monopolized politics and office-holding, there was a general acceptance of the view that possession of property was essential to the exercise of political privileges. The ruling classes regarded general manhood suffrage with apprehension, believing that property would not be safe in the hands of a propertiless multitude. *A cautious extension of the suffrage revealed that they could control the actions and shape the views of the masses. The price of this control was to play the demagogue before the voters, exchange buncombe for their votes, transform the votes into governing power, and then use the power for mill owners, land speculators, or slave owners.* The invention of the telegraph in 1835 and of the rotary press in 1847 revolutionized journalism and enormously enhanced the power of party publications over the minds of the voters.

HIDDEN MOTIVES

It is important to point out that statesmen, politicians and leaders of ruling groups never bare their real motives, especially their economic motive. Slave owners obtained psychic compensation and even religious justification from the slave trade on the ground that souls otherwise lost were brought to a knowledge of the Christian religion. Coolidge does not wage an undeclared war against Nicaragua for American bankers but to "preserve order" in Central America. We did not enter the World War for economic reasons but for the holy purpose of "making the world safe for democracy." The economic motive is nearly always concealed and it often required diligent search to reveal it.

Lincoln was aware of the defence mechanisms which are

employed to disguise the real motives of men. "Public opinion is founded, to a great extent," he said, "on a property basis. What lessens the value of property is opposed; what enhances its value is favored. . . . The property basis will have its weight" which "often make a man's course seem crooked, his conduct a riddle." In a paper read before the American Economic Association in December, 1918, Professor William F. Ogburn showed the variety of forms which psychic disguises of economic motives take and which, in Lincoln's phrase, often make a man's "conduct a riddle." Professor Ogburn concludes that it is "permissible to think of the economic motive as harnessing in its train, at various times, quite a variety and number of the instincts."

Economic determinism is valid if it includes geography, climate, and the survival of taboos, prejudices and superstitions which had their origin in previous economic eras. I know of no other formula which explains so much and which is so reliable in enabling us to interpret the complex forces of changing human society.

THE ECONOMIC FACTOR IN SOCIETY

By Alexander Goldenweiser

First of all, what is history? All that has occurred? No. Many things, events that have occurred, pertaining to stars, the earth, animals, are no part of history. Is history then all that has occurred in human society? No. Not that either. For countless events that were and that are do not count, are not part of history. History deals only with certain events, with events that, in one way or another, bear on other events and the more important they are in this sense, the more definitely do they constitute part of history. Lived history is therefore not past events, nor is written history a record of "wie es eigentlich gewesen." History as lived is always an adventure: episodes shot through with fate. History as written is always romance: incidents selected with

reference to some dominant interest which determines the values on which the selection depends.

All history, therefore, is an interpretation and the narrower the interpretation the more subjective and romantic the history. From this standpoint, an economic interpretation of history is likely to be as subjective or one-sided as a religious or political or artistic or sexual interpretation of history.

ORIGIN OF THEORY

However, let us get at the meaning of economic interpretation a little more closely. The earliest form this doctrine has taken was that of a physical or environmental interpretation of culture, such as was attempted by Bodin or Taine or Buckle or Ratzel or Huntington. However suggestive these interpretations may have been, thinkers are pretty well agreed by this time that *environment can at best set limits to possible developments and make certain developments likely, but that in itself it is powerless either to determine that certain events will take place or the forms they will take.*

When there is wood, people may build wooden houses, but then again they may not. Where there is no snow, sleighs are not likely to be invented. But they may not be invented even though there is snow. The presence of materials is a condition but not a determinant of definite cultural features.

This applies even to the general effect of environment or climate on human life. If the climate becomes prohibitive, as in the Ice Age, the alternative is to die or go. Under such conditions those who can or dare, will go. But some will die.

Another form that the economic doctrine takes is that the economic needs of men are most important because universal and primary. To put it crudely: man must eat and, as a German proverb puts it, "Der Mensch ist was er isst": man's economic status determines his being or essence. True—but this only means that he cannot do without food: first you must give him dinner, then the story begins.

But is the dinner the story? It might be. But it need not and usually it is not. He may want to start the dinner with a prayer or he will not eat. He may not want certain things at dinner, such as pork. He wants his wife to sit with him or would be shocked if she did. He wants a cigar after dinner and, when he is through, he might read Goethe's *Faust* or Plato's *Republic* or the *Meditations of Marcus Aurelius* or the *New Yorker* or the *New Leader*. Are these things less important because he *must* eat but only *may* do any of these other things? It is true that men must have bread, but also that man liveth not by bread alone.

EFFECT OF INDUSTRIAL REVOLUTION

Let us now look at the economic interpretation of history as generally understood since Marx. But before doing this let us just glance at a momentous episode in the history of society: The Industrial Revolution. Man has lived history for a long time, working at times under duress but by and large enjoying many kinds of work and usually identifying himself with his task because it was his: he started it, he traveled all the way with it and he completed it.

So it was in primitive society, in agriculture, in hunting and fishing, in the domestic industries of antiquity and the Middle Ages and even in modern peasantry as well as in those communal undertakings, like the Gothic cathedrals, in which many participated but each did something that had a beginning and an end and a content of its own.

Then came the Industrial Revolution. It swept over the Western world like a steam-roller and it flattened man out (may I say, it made some flat and others fat?) Why? It introduced the machine driven by power. With it came mass production, standardization, uniformity, concentration, capitalization, monopoly (partially killing competition), banking, markets and stocks. And exploitation—why? The machine controlled the market. The domestic worker could not compete with it—his work needed time. If he were to work he had to go to the machine. He needed it more

than it needed him (there were many others)—he had to work for a living wage which often meant starvation wage. Either leave it and starve or take it and almost starve. He took it.

The machine used to be the tool of man. Now man became the tool of the machine and through the machine the tool of another man who owned the machine. The worker worked for his wage—to live (not to die); the capitalist "worked" for what he could make out of it: the "unearned increment"—the difference between the price of raw materials, wages paid and the market price of the commodity (minus some further overheads).

Moreover, man no longer worked on a thing: he merely helped the machine. And to do so he had to become like the machine, precise, regular, tireless, mindless, emotionless and dull. To the extent to which he approximated this he was an ideal worker: a perfect industrialized Robot.

But the Robots were alive. They had memories and regrets and longings and ideals and often they were hungry, that too! And out of these memories and regrets and longings and ideals and out of this hunger there grew class-consciousness, and a class spirit, and a hatred of the capitalist and the society he stood for, and organization, and propaganda, and strikes, and revolutions, and —THE ECONOMIC INTERPRETATION OF HISTORY—as the ideology of the economic struggle in society. For this is the true setting of the Marxian economic interpretation. It was the ideology of a sick age, an age sick with an overdose of economic determinism. When a man has a stomach ache he is likely to see the world through a prison of indigestion (Schopenhauer and Carlyle are cases in point). Psychoanalysis was born and has been so readily accepted because so many of us are neurotic or think we are. Economics is what we ache with, hence the doctrine of economic determinism—false but convincing to a society suffering from economic indigestion. I shall not dwell here on the details of the economic theory with its monism, determinism, emphasis on the economic factor especially that of production, its insistence on the group

rather than the individual as the agent of history, and its characterization of all spiritual factors as epiphenomenal, non-causal. Professor Barnes has already most eloquently dealt with these features.

REDUCING THE ECONOMIC FACTOR

Now what is the moral of this historic interpretation of the doctrine of economic determinism? The answer is in part implied in Marxism itself. Accept industry as a social function, as something carried on for society not for profit (or shall we say not for arbitrary or unchecked profit?) and the cure is achieved. The historic process, of course, is not as simple as the thought. The mere giving of economic power to the producer remedies an evil but still leaves society top heavy (or shall we say bottom heavy?). Russia has shown the dangers of this situation.

What Russia has done is merely a step (let me not dwell on whether it was a correct step or not) towards a world, a society in which the economic factor will be reduced to decent proportions and the other impulses of man will once more be permitted to come unto their own: the spirit of inquiry, the love of beauty, the urge of human companionship, the glories of free subjective creativeness, the charm of play, the lure of adventure. . . . Such is the stuff that history is made of.

THE MISSING SCIENCE

By Ernest Untermann

The modern sciences have been developed without a science of thinking. The so-called scientific method until quite recently was an experimental method that had not found out how natural laws produce the ideas of scientists. They rather used their mental faculties without giving account to themselves of the way in which thought arises. Most scien-

tists today don't know a great deal yet about the biological mechanism of human understanding, even less about the laws of evolution by which the interrelations between universal nature, human societies, human senses and human brains produce ideas and marshal them in logical order.

This is due to the groping ascent of the human mind towards science. It applies with equal force to socialist and non-socialist thinkers. Most socialist scientists are as prone to ignore biological aspects of evolution in their work as others are to ignore its social relations.

Science started in ancient times as a know-all philosophy. So long as natural science could not exist for lack of facts, philosophy took the limelight. Although some ancient philosophers dabbled in natural science, they suffered from ingrowing speculative thought. So the philosophers remained long on theory and short on fact.

Since the sixteenth century, philosophy had to give up one field of research after another to specialists. The beginning of the nineteenth century marks the final relegation of philosophy to a back seat. The scientists were enabled to drop the disguise of philosophers more and more, to talk straight natural science regardless of church and state. Capital needed science and freed it from its medieval fetters on all fields which produced profits for the masters of the world.

Marx and Engels threw off the philosophical disguise at the first opportunity to discuss economics and politics. They established the first principles of a science of social development not bound by the capitalist horizon.

At the same time, Josef Dietzgen transformed what was left of philosophy into a natural science of the evolutionary relations between nature, human society, human bodies and logical ideas. But neither Dietzgen, nor Marx and Engels, nor any of their closest disciples ever knew much about biology or psychology.

WANTED: A SCIENCE OF THINKING

Today, after nearly a century of practical acquaintance with the ways and means of organic and inorganic evolution, the experimental method still waits for a generally accepted science of thinking which shall free human reason from the metaphysical distinction between matter and mind. We have university courses, in logic, dialectics, understanding, physiological psychology, metaphysical psychology, practical psychology, experimental psychology, comparative psychology, psychoanalysis, pragmatism, behavorism, etc. But these psychologies are poorly related to the other sciences, differ widely from each other, and contribute about equally to confusion and to science.

The scientists think in their own special fields without knowing enough about the laws of thought, knowledge or belief to check up their ideas by scientific self-critique. Even the psychologists who are closest to the achievement of a science of thinking still get lost in their own contradictions, and many remain caught in metaphysical pitfalls.

The test of a science is its use in practical life. A science of thinking must be usable like the science of chemistry, and should be able to predict and control its results with equal certainty. But nobody familiar with the facts will claim that the psychologies offered in our universities can yet be put to such practical use. Even the professors and school teachers don't use them on themselves, on their pupils, or in everyday life. The attempts to measure intelligence by instruments have so far produced more bunk than practical science. The intelligence tests of the American army and navy, or of criminologists, are poor jokes. Their application savors of medieval tortures.

The evolutionists think about evolution without knowing anything definite about the evolution of reflexes of feeling into ideas which are formed and retained in the organic mechanism described by psychologists and mulled over by philosophers of all shades.

The socialists, too, including most Marxians and Dietzgenians, talk about the reflex of economic conditions in politics, science, morality, etc., without ever checking up how their own reflexes work out in relation to other socialists, or to other citizens of different reactions. Thousands of times they have repeated that it is not consciousness which determines existence, but existence which determines consciousness. But they have never tried to find out what consciousness is, how it develops, how it reflects and verbalizes the fundamental economic conditions which, according to them, move human history. Unity, the touchstone of all science, still fails in social science among the best of them after eighty years of "workers, unite!"

The socialists are especially interested in the development of class-consciousness. Marx, Engels and their acknowledged disciples teach that class-consciousness develops a grasp of its historical mission to the extent that wealth is concentrated into the hands of a minority. Yet when this assertion was first made, physiological psychology and the science of organic evolution were in their infancy, and no proof or practical application of this Marxian idea is possible without a science of thinking.

The Marxians thought that their teaching could give to the class-conscious workers the ability to perform the tasks of social revolution in proportion as the economic basis of a nation became ripe for socialism. But eighty years of Marxian teaching have proved that economic and mental development do not move at the same speed, and that the class spirit or a knowledge of historical materialism is no substitute for a science of thinking.

Various attempts have been made by Marxians to show that the philosophers of a certain nation were the products of their peculiar social conditions to such an extent that a certain turn in philosophical theories was a reflex of changes in the economic conditions. Marxians have also tried to evaluate the mental equation of men like Frederick II of Prussia, Napoleon I, Bismarck, Washington, etc., in terms of economic interpretation. But the attempt to solve a problem

of individual mentality, even in such historical types, by a general viewpoint useful in studying mass movements will always fall short of science, especially when undertaken without a science of thinking. Aside from inaccurate generalities, no noteworthy results have been produced by such attempts which twist historical materialism into a formula contrary to the avowed intention of its founders.

Frequently we listen to debates on the question: Is the economic or the mental factor most important in human science? Such debates, without a science of thinking, are inevitably doomed to remain polemical entertainments, in which the natural relations of opposites are generally ignored. On one side, we get distorted views of the Marxian conception, on the other sophistries which try to show that two times two are more or less than four. Such debates are particularly barren when they ignore the fact that Marx and Engels organized a socialist international for the purpose of making the workers class-conscious enough to determine the conditions of their social existence by means of superior consciousness.

In such ways, the lack of a science of thinking betrays itself in every Socialist and Communist party, especially when unwelcome research and resulting differences of opinion are branded with epithets instead of being met in a scientific spirit. This, however, is a universal failing of scientists. Even the specialists of our day who have at their beck and call the very facts by which the laws of thinking can be studied and applied in everyday life are afraid to talk out.

ARGUMENT BY EPITHETS

We have a hard time getting recognition for it even among socialists, communists and liberals, because their most prominent men have put themselves on record in many ways that would be exposed. Few have any use for a science which puts their heads under the microscope and throws the searchlight into the dark and shallow places of their minds. Most of them find it more convenient to call the inquisitive scien-

tists a name, such as bourgeois, just as Marx and Engels often did, who crushed their opponents with scorn when superior argument would have been more in keeping with the idea that men have no free will and cannot be held morally responsible for differing from us.

This habit of reacting against unwelcome scientific research with epithets illustrates better than a long essay in what respect historical materialists using the economic interpretation of historical mass movements fall short of their own claims and remain unaware of their own contradictions. For no Marxian has ever attempted to determine to what extent moral responsibility can be assigned to individuals and masses of unfree will, or how a sense of moral duty can assert itself in the socialist movement without a science of thinking. In this respect, most Marxians still act just like the despised bourgeois, whose alleged inferiority they would stamp as a brand on dissentient comrades. I have often pointed out that this failing must be overcome by a science of thinking which trains the human brain to watch its own movements, correlate latent contradictions in its content, balance and correct them. This job must start with the leaders.

The splits in the socialist movement indicate the presence of unbalanced contradictions which persist in spite of the economic interpretation of history or of the wider span of historical materialism. If Right and Left wingers were as strict with themselves as they are with each other, each would have to expel himself. For each harbors in his own head one side of the same contradiction for which he expels the other. He is aware of the other's fault, but not of his own. And each split shows that the same differences immediately reappear in each split group. If each would balance the contradictions in his own head, there would be no need for splits.

SCIENCE AND COMMUNISM

The unscientific results of such tactics show up most drastically in the Russian Communist party. In it all the old theoretical and practical differences between socialists and

communists poison the relations of the communists towards each other. One communist expels and exiles another over such questions as these: What is the difference between reform and revolution? When is a nation ripe for socialism? Can a single nation usher in a socialist commonwealth? Why does a class-conscious farmer nurse a different idea of his historical mission than a class-conscious wage worker? How near is the world revolution? Why do we have new threats of Thermidors after a Leninist revolution? How can a nation of eighty percent of individualist farmers be transformed into a socialist industrial democracy by a minority of proletarian dictators? And so forth. All of which simmers down to the grand query: How is it that a revolutionary dictatorship adopts a reformist program after its grand revolution?

In short, social progress moves just as illogically under a communist as under a capitalist dictatorship. It will also develop illogically under a socialist democracy, unless the leaders learn to work with a reliable science of thinking as a practical instrument of social construction.

DIETZGEN'S CONTRIBUTION

Josef Dietzgen has shown more clearly than any other thinker that all differences of all things are held together by their organic relation to the universe as a whole, just as the north and south pole are held together by the globe. He has also shown much better than Marx, Engels or any of their direct disciples, what it means for the practical work of the socialist and labor movement to know that progress takes place by the merging of opposites into a higher form.

While the elder Marxians played theoretically with this old Hegelian idea, Dietzgen put it to practical use in the transformation of idealist and materialist philosophy into a natural science. I insist that Dietzgen's example is also useful for the development of a science of thinking which shall be an instrument of practical everyday work in all sciences. In the development of industrial democracy, this science of

thinking, for which Josef Dietzgen laid the broad theoretical foundation, will be especially useful in giving effect to the perpetual pleas for unity which have been vainly repeated since Marx first voiced it in *The Communist Manifesto.*

THE WAY TO UNITY

Unity cannot be achieved by the present types of socialist and communist minds. They exclude each other. We must develop a higher type which shall balance the contradictions of the present types, correct them, and conquer unity by triumphing over itself.

Without such a science, we shall nevertheless make progress, but illogically, stumblingly, painfully and clumsily. Yet socialist science came into the world with the promise of liberating the human mind from inherited fetters. We should make good this promise to those who look to us for guidance.

DISCUSSION ON THE ECONOMIC INTERPRETATION OF HISTORY

In the discussion following the reading of some of the foregoing papers at the Camp Tamiment Conference, Professor Barnes was asked various critical questions as to the importance of Marx, the value of economic determination to socialism and the difficulty of waiting fifty years or more for cultural anthropology to give us a better interpretation of history than we now have.

In reply he developed and elaborated certain points in his original paper. He said in part:

The great contribution made by Marx, like Webb, Tawney, Hammond, Cole, et al, is to direct attention to the actual study of economic processes. I think that the London School of Economics of the University of London, which has maintained that attitude toward economics, has done more than

all the pecuniary logicians in the world to clarify and extend our knowledge of the economic world of today.

In regard to my basic thesis that the economic determination of history could be divorced from socialism without any harm to socialism, I merely meant that socialistic philosophy and practise essentially rest upon its critique of existing society, upon the demonstration of the validity of its substitute, and upon the capacity to put its substitute in actual operation. Its task has been thus far necessarily mainly limited to a consideration of economic factors, but I don't see any danger there.

In stating that Marxism is not to be inseparably associated with the economic interpretation of history, I certainly do not want to be understood as trying to steal from socialism the credit for having systematized and popularized the doctrine of economic determinism. What I intended to imply was rather that this doctrine need not be regarded as any inevitable liability to the socialist movement, even if its absolute correctness could not be substantiated. The critics of socialism are ever on the alert to discover something on which to hang some blanket condemnation, and they have frequently seized upon the economic determination of history as a proof of the inadequacy of socialism as a whole. I merely desired to emphasize that the promise of socialism as a socio-political program was not vitally associated with any particular doctrine of history. Socialism may, however, demand full credit for having made the economic interpretation a living principle in historical analysis.

As to the assumptions that ideas have no very great significance and that they flow naturally out of man's interests, history and psychology both prove the contrary. If man's ideas were thoroughly harmonious with economic interests, our worthy chairman (Norman Thomas) would be put in the White House on the fourth of March next by the largest majority with which any candidate has been borne into that office. It is to the material interest, I should say, of not less than seventy-five percent of the United States of America to have Mr. Norman Thomas in the White House, but I dare

say he will not get the vote of ten percent. I hope he will get more than that, but I think he will be satisfied if he gets ten percent. This theory of conscious self-interest as the guide of the workers is, however, not based upon the Marxian psychology. Marx took it over from the Benthamite Hedonism, which contended that man was a cold, calculating machine, and that before he took any step he carefully analyzed all the possible alternatives and made that particular decision that he believed would bring the maximum of pleasure or the least pain.

A man is usually born a republican, democrat or socialist and it takes a vast amount of reconditioning through education to get him to change his mind. It is almost a hopeless task as I believe the chairman can attest to with more fervor than I. His task is to recondition these biologic republicans and democrats. I have moved a slight way myself. I have given up my biologic republicanism and may be moving on to a reconditioned socialism. Supporting "Al" Smith would be a step in the direction of full conversion.

The major thing I want to emphasize is we must have respect for facts and for those sciences of society which are very slowly, to be sure, but very certainly trying to reconstruct our notions of man and his social relationship. And if my critic thought that fifty years was too long to wait, I am afraid I like to be pessimistic and say it may be several hundreds of years before we have an adequate body of social science to guide us in the reconstruction of society. Man has been on the planet six million years and if two hundred years hence we are able to put the study of social relationships upon a thoroughly scientific basis, that will be ground for real gratification.

MR. SELIST: Perhaps a point of view I regard as infinitely valuable was contributed by Dr. Goldenweiser; namely, that men do not live by bread alone and that you cannot stir man to any specific action unless he is hungry. And very rarely in the history of the human race have there been so many of them hungry at one time to make for some extraordinary

regeneration of human society. Regeneration has invariably come through some spiritual or cultural ideal and unless you place a little less emphasis on bread and perhaps some emphasis on culture and new values, I do not see extraordinary possibilities for any great acceleration of this economic program. In substance I merely feel that Professor Goldenweiser has touched on a point of view that needs a good deal of thinking by men who are interested in the social movement.

DR. STONE: Dr. Goldenweiser described or admitted the economic influence as existing only in our own society. Is it possible that he fails to recognize the influence of the economic factor in previous states of society—to cite only one illustration for lack of time: wouldn't he recognize the economic interest as predominating in the struggle between the plebeians and patricians in Rome?

DR. GOLDENWEISER: I do not know that I can answer this question specifically without going into a great deal of history. But I will answer it in a very general way in conjunction with what I have said here.

I have not argued—I hope this was the general understanding—that economic factors do not figure in history. Especially have I not argued that economic facts are not to be explained by economic factors. There are innumerable facts of an economic nature in society; for example, the struggle between the rich and the poor, the struggle of those who come by their riches honestly and those who do not. These are economic facts. The state, to a very large extent is an economic organization. The family to a very large extent is an economic organization. These economic facts are largely resolvable into economic factors. These facts again—the class struggle, the family, the state—are part of history; therefore history, to this extent, is clearly influenced by economic factors.

My argument was not directed against economic factors in history but against an attempt at elevating these economic factors into an economic interpretation of history at the ex-

pense of other factors which do figure, I claim, as the economic factors also figure. The words "more important," "most important," or "predominant," moreover, have theoretically no significance whatsoever from this standpoint. This is an important phase of my argument: a thing that counts as a cause, however small the thing or the result, must be recognized as an historic factor and when you say "most important", it is always from a certain point of view.

Finally, I should like to answer the argument that the predominance of the economic factors is obfuscated by the tendency people have of disguising their economic motives.

Now I would claim two things. In the first place, a great many people do not disguise their economic motives. For example, business men and most politicians do not by any means disguise their economic motives. As a matter of fact it is a general cultural tradition in America today that this is the only respectable motive. There is no reason why one should disguise his economic motive: if a man can tell you that he is guided by a good business principle, that justifies the procedure. And, in the second place, let me ask you this. It is true that a great many people do disguise their economic motives. For example, it would have been very unpleasant for the Greek philosophers, statesmen and moralists to admit the moral inadequacy, the moral scandal of a régime of slavery. This is true enough. But why do people find it necessary in order to quiet their conscience to invent motives other than economic? Isn't a satisfied conscience an element in life and isn't the means that people use to satisfy their conscience a cause of personal and historic phenomena? It certainly is. And you find that religious and aesthetic and moral considerations are advanced by human beings in order to make their own lives happier, better adjusted, calmer and freer from remorse or a sick conscience. These are motives. The very fact that people disguise their economic determinants and the factors which they use in order so to disguise them, indicate the presence and multiplicity of other factors in history which man needs in order to live quietly and happily.

MR. PAUL BLANSHARD: I should like to ask if there is anyone who is willing to stand for economic determinism in the old sense. The difference between Mr. Oneal and Dr. Barnes is largely a difference of words, between economic conditioning and economic determinism. I should like to see some disciple of the pure form get up and stand for the case.

MR. ALGERNON LEE: If no one else volunteers, I will; but I must modify the wording of Mr. Blanshard's challenge. The old-fashioned Marxian socialists did not use that expression "economic determinism." This term, which I believe originated with some French and Italian writers, is to my mind a very inaccurate one, if it is meant to designate the Marxian theory. Only a little less inaccurate, when so used, is the phrase "economic interpretation of history." Marxism is much more than an economic interpretation of historical phenomena. The emphatic assertion of the importance of economic factors is only a part of it. As for "determinism," the use of that word introduces a psychological theory of motive which is anything but Marxian.

I know that with the last twenty or thirty years many socialists, especially in the English-speaking countries, have taken to substituting one or the other of these terms for the older and more accurate expressions "materialistic conception of history" or "historical materialism." For some reason we so-called Anglo-Saxons have a curious diffidence about calling materialism by its right name—something like the feeling which used to compel nice ladies to speak of the limbs of a piano. Legs have by this time become respectable, but undraped materialism still calls forth a blush. So, in order not to shock sensitive folk, we took to clothing it in what Gibbon might call "the decent obscurity of an inappropriate nomenclature."

At first we meant the new phrases to convey or at least delicately to suggest the same meaning. But such is the tyranny of symbols that when you make such a change of words you are very likely to change your thought without being conscious of it. To a regrettable extent this has hap-

pened in the present case. Not only a great deal of confusion, but—if I may say so without offence—a serious dilution and debasement of socialist theory has resulted from the change.

If we are not scandalized by behavioristic psychology, if we do not shudder at the suggestion that our mental and moral characteristics depend on the vitamines in our food and the functioning of our ductless glands, why should we be ashamed to call ourselves materialists? For my part, I accept the challenge. I stand for Marxian theory in its classic form—not for economic determinism, which, as the phrase is commonly understood, I consider a false and shallow doctrine; not for an exclusively economic interpretation of history, which I consider inadequate; but for the historical materialism of Marx and his great associates and successors.

If I understood Professor Barnes correctly, he represents Marx and the Marxians as holding that view of human nature which we associate with the once familiar term "the economic man." The economic man was a creature who went through life calculating the economic gains he might make and the economic losses he might incur by this or that course of action and guiding his conduct by the results of such calculation. The same reproach used to be directed against Ricardo. I have never been able to find any such shallow psychology in his work. But because he did not interlard his analysis of economic relations with moralistic truisms and irrelevant sentimentalizing, there was attributed to him a theory of motivation which was nothing but a parody of the views of Jeremy Bentham. Now Bentham may have been, as he said, the spiritual grandfather of David Ricardo, but he was not even an intellectual great-uncle to Karl Marx.

I wish to protest also against Professor Goldenweiser's suggestion that the Marxian materialistic conception of history is represented by the saying, "Der Mensch ist was er isst"—Man is what he eats. The epigram is Feuerbach's, but standing by itself it does not adequately express even his not too consistent thought. I do not see how anyone who has open-mindedly read Engels' little book on Feuerbach or his *Socialism from Utopia to Science* or Plechanoff's *Zur Geschichte*

des Materialismus, not to mention Marx's own writings, can fail to see how far removed is Marxian materialism from the mechanistic materialism of the eighteenth century, which Bentham and James Mill carried over into the nineteenth century in one way and Feuerbach in another.

Certainly the Marxian conception of history, which has to do not with economic relations only, but with all aspects of man's life in society, and whose philosophical viewpoint is that of materialistic monism and its method that of dialectic or evolutionary thought—certainly this philosophy of history deserves a fairer statement and more pertinent criticism than it received in either of those two papers.

Mr. Louis Boudin: Professor Barnes said that Marx will be known in history, in two distinct branches—as a philosopher and as a historian of social institutions. Permit me to add humbly that in my opinion Marx will stand out as a great luminary in a science in which nobody has, so far as I know, up till now thought him great. I am not referring to economic science in which he is concededly very great; I am referring to the science of psychology. This may strike you as rather odd. Because if the current opinion about Marx, as expressed here and elsewhere, be correct, Marx was the worst psychologist that ever lived; in fact, Marx ignored psychology, according to some. Well, I am afraid the world will have to wake up and realize that Marx was one of the greatest psychologists that ever lived; and that he has prognosticated modern psychology not only as it is, but as it is going to develop. That sounds like a big prophecy. I may be wrong in that. But I would like people here to remember it, as time passes on, and see what history will say.

To me the theory of the class struggle is very largely a problem in psychology. Marx had a great problem in psychology to solve in connection with the theory of revolution with which he was always preoccupied. This preoccupation with the theory of revolution made his vision the more clear instead of obscure. The problem of psychology as it stood then (we must go back and understand this condition of

science as it was at the time when Marx wrote) was this: On the one hand, there were the idealist philosophers and thinkers, who thought that this world is ruled by ideas, and that ideas have their own laws of development. I wouldn't say their own laws of birth, because idealists never worry about how ideas are born. They are there, created by God or somebody else just as the world is there. But they have certain laws of development; and as they develop they rule this world: people do what ideas tell them to do. In one form or another this philosophy was current.

Then there was the camp of what might be called the materialist—not only the materialists of the eighteenth century, the so-called French materialists, but the economists that flourished in England and elsewhere. Again I must refer to something that was said by Professor Barnes when he spoke of the notion that, according to Marx, every man always calculated about his interest; and he thought it a complete refutation of that childish psychology of Marx that Norman Thomas is not going to be elected President of the United States in the next election, because most of the workers, whose interests lie, of course, in his candidacy, will work against him.

My friend Lee has already referred to the fact that the "economic man," which is the same thing Professor Barnes has reference to, was not an invention of Marx, but that Marx as far as lay in his power tried to kill him. Unfortunately he hasn't killed him off entirely. He pops up once in a while. But remember he is not a Marxian creation, but the creation of the classical political economy which preceded Marx in England. The philosophy in England at that time assumed the form of political economy. According to that theory, every man always worked according to his interest; and the theory was that if a man did what his interest dictated to him then there would result this most beautiful, finest system of society, that they thought we were living in, or would be living in if the doctrines of the classical political economy were given free play.

There they were, these two theories of the springs of human

action—which is the domain of the science of psychology. The problem was, which theory of psychology was correct? What influenced men's actions, particularly when they were acting socially in social matters? And here Marx made what in my opinion is one of the greatest discoveries in psychology that had been made up to that time at least. It was this discovery in the domain of psychology which became, when fully developed, the theory of the class struggle.

Briefly stated, here was the Marxian solution of this problem: On the one hand, Marx said, it is not true that people are actuated by economic interests only. I am speaking of individuals. And anyone who tells you that the Marxian interpretation of history means that people are actuated by economic motives only simply tells you something that isn't so. He simply does not understand what Marx meant by the materialistic conception of history. There may be some other economic interpretation of history that means that. And it may be true or untrue. One thing is certain, it is not Marxian. And I may tell you that what I am telling you now is not a revision of Marxism. On the contrary, it has always been Marxism. Good, orthodox Marxism.

Now then, Marx took as his starting point, that people, individuals, in their actions, are not necessarily actuated by self-interest. Remember he didn't say that they are not so actuated. Some are and some are not. But they are not *necessarily* so actuated. And that in the individual's actions, ideas, ideals, ethics, and similar things, which some people here advocate as if it were in opposition to Marx, play a very important role and cannot be overlooked. Marx never attempted to deny the influence of these so-called "idealistic" motives, because it would have been absurd to have tried to; and he wouldn't have tried to if he could, because it wouldn't have fitted into theory. In fact, it doesn't fit into his theory. It is one of the things that people ascribe to Marx in order to be able to show its fallacy. It is the old story of building up a straw man in order to knock him down. Marx, therefore, started from the position that people are influenced by ideas. At least that some people are. And the more impor-

tant the man is in society, the more influential he is likely to be in society, the more is he likely to be influenced by ideas instead of self-interest. But, said Marx, people are also influenced by their environment, by the conditions under which they live, because these conditions produce their ideas which ultimately influence them in their actions. And here comes the question of "conditioning" referred to by Professor Barnes as an improvement on Marx. The fact is that this conditioning is part of the Marxian solution of the problem. But the most important contribution of Marx to the solution of the problem was, that in discussing the question of how ideas originate so as to influence men he developed the theory that the progress of society proceeds by means of the struggle of classes, not individuals. This conclusion is the basis of the class struggle theory to which I refer later.

Curiously enough, Mr. de Man does not wholly reject the idea of economics as a causative force, but he leaves the economic factor suspended in some twilight zone between ethical striving and the ultimate aims of socialism. It is not easy to understand him because he is not precise, certainly not as precise as the determinists with whom he disagrees.

I think his first premise is wrong. Because economic determinism considers "things that have happened" it does not follow that it is not concerned with "things that ought to happen,"—socialism. I think that there is an intimate relation between past, present, and future and if a method of research has enabled us to understand the past and the unfolding present it is of inestimable value in helping us to formulate aims for the future.

It is also difficult to accept the reasoning that because ideas react upon economic causes the latter "cease to be causes." It appears that economic causes may give rise to ideas which in turn react upon causes with the latter continuing to be the most active influence in shaping social evolution. One example from our history will suffice. The slave economy in the south gave rise to moral and religious ideas against slavery in the early days of the republic. These ideas even induced some slave owners to free their

slaves but economic interest proved stronger than ideas. Even in the north where slave property did not control, but the idea of its abolition had appeared and was propagated with intense earnestness for more than thirty years before the Civil War, Lincoln could not venture upon a policy of abolition until nearly two years after the war had beeen waged. He could obtain support in the north for the Union but not for abolition. Not till his second inauguration in March, 1865, could Lincoln declare himself frankly for the abolition of slavery. Yet the propagation of the idea for a half century had been worth while, although it had to wait for the ultimate crisis in the expansion of the slave economy before the idea could be realized.

One does not have to reject economic determinism to agree with the view of Mr. de Man regarding the importance of other values, but I would hesitate to make the latter primary and for the reasons already stated. Moral earnestness and ethical revolt against the maladjustments of the present social order are essential. Without them the emotional fervor so necessary to a great social movement and the inspiration that goes with a great cause would be absent, but recognition of economic causation also prevents moral and ethical reactions from taking some elusive course of action and finally ending in futility and disappointment.

CHAPTER XII

THE CLASS STRUGGLE

THE three foundation stones of scientific socialism are often referred to as the economic interpretation of history, the class struggle and surplus value.

The theory of the class struggle which has no necessary connection with class hatred or class violence, was not original with the founders of scientific socialism. It was time and again enunciated in classical antiquity. In America, Madison expounded the theory of class antagonisms with remarkable clearness, particularly in the tenth number of *The Federalist*, where he declared that "those who hold and those who are without property have ever formed distinct interests in society."

Marx, however, was the first to look upon the class struggle theory as "the driving force in social development" and to argue that socialism was the necessary outcome of the struggle between the two historically developed classes—the proletariat and the bourgeoisie.

Is this theory valid? Is there one primary class struggle in our present society and will this class struggle result in the abolition of all classes and the coming in of a cooperative system? Are there in our capitalist order, and will there continue to be, numerous group or class struggles of such a nature that no prediction regarding their final solution can be made with any degree of certainty? These and other questions are discussed in serious and lighter vein in the following articles by competent students.

FACING THE CLASS STRUGGLE IN AMERICA

By Paul Blanshard

I confess that discussions of socialist theory have always been a dreadful bore to me because most people who discuss socialist theory put so much emphasis upon agreement or disagreement with authority. They ask: "Does this conform to Karl Marx's analysis?" and, "Wasn't that explanation exploded by Edouard Bernstein long ago?" My answer to such questions is usually to yawn. What do I care what Karl Marx said about it or how Edouard Bernstein shaved off a limb here and a branch there. Modern socialism does not depend on Karl Marx any more than modern Christianity depends on Jesus. That is to say, Jesus and Karl Marx are starting points. Also they are convenient words to be used in perorations and in all places where a substitute for thought is desired. When the fundamentalists of Georgia want to lynch a Negro they do it in the name of Jesus: when the bolsheviks of Russia want to get some more grain out of the peasants, they do it in the name of Marx. Any clever Christian or socialist can find a reason somewhere in Jesus or Marx for anything he wants to do.

For this reason I want to discuss the socialist theory of the class struggle with as little appeal to authority as possible. My mind does not work like the mind of the United States Supreme Court.

FACE THE SITUATION IN AMERICA

The economic situation in the United States today ought to be faced by socialists without presuppositions and with only occasional reference to European theory. We should sit down here in this conference in the same way that a general sits down before a battle to go over his map. What forces have we at our command? How strongly are they welded together? Who are our allies? What should be the

first step in our campaign? What is the strength and weakness of the enemy?

For the purposes of clarity in discussion, I think that the socialist theory of the class struggle can be divided into three phases. The theory is a description, a prophecy, and a method. Let us consider it first as a description.

The *Communist Manifesto* describes the alignment of forces in the class struggle in these words: "Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: bourgeoisie and proletariat."

Does that description fit the class situation in America? Only, it seems to me, if there are a number of qualifying foot-notes added to it. These foot-notes can be regarded as modifications of the description or simply as statements filling out an arbitrarily oversimplified statement of the original description. My suggested foot-notes are three in number.

FRATERNIZATION OF CLASSES

First, the bourgeoisie and proletariat of America are not facing each other *consciously* as two warring classes. They are psychologically fraternizing across the battle line on a good part of the fighting front. And you will admit that it is hard to bombard the enemy effectively when part of your forces don't know that there has been a declaration of war.

Let me use an illustration.

One of my recollections of war-time radicalism is a certain socialist meeting in New York held somewhere on the East Side. The speakers were John Reed, Morris Hillquit, Max Eastman and Norman Thomas. It was in the days when they could speak happily together on the same platform. John Reed was talking about the Russian revolution and he was telling about an argument he heard between a Russian bourgeois and a worker. The bourgeois arguer kept producing very convincing reasons why the worker should not believe in a working class revolution, but at the end of every argument the worker kept reiterating a stock reply:

"There is a working class and a capitalist class and they are struggling for the control of society. I am a member of the working class."

How different that answer is from the answer which would be given by nine-tenths of American workers. If I should go up to some Americanized striker from the cotton mills of New Bedford, Massachusetts and ask him: "Is there a class struggle in America?" he would probably look at me blankly and ask, "What do you mean class struggle?" If I should say, "Why you're engaged in a class struggle right now with the cotton manufacturers of New Bedford?" he might reply, "Oh, well, I'm just fighting against a wage cut. When the strike is over I'll go back to work."

If I should go to an employer in New Bedford and ask him "Is there a class struggle in America?" He might say, "Not much. Of course some agitators put fool notions in the heads of the workers once in a while, but the interests of the workers and employers in industry are *mutual*, if only the workers would realize it."

If I wanted any clear thinking on the class struggle in America I would have to come to the people who are not in it directly, the middle class folks, or else to the foreign workers of our great cities. The average American employer and worker from the hinterland of America does not think about the class struggle from sunrise to sunset, although he may be actively participating in it all the time.

AMERICANS' AWARENESS OF CLASSES

Of course the average American is quite aware of certain kinds of classes. There are classes who ride in Fords and classes who ride in Chryslers and classes who ride in Lincolns. Also there is this "American class" to which we all belong, this class whose Bible is the *Saturday Evening Post* and whose Sergeant-at-Arms is Freddie Marvin. It is made up of sturdy, honest workers who believe that under our present plan of the distribution of economic rewards every man in the long run gets his just desserts. In that scheme of things society is ar-

ranged as a pyramid of merit, and advancement depends upon the workers' eagerness, devotion and skill. It is easy enough to say that this class is a myth, but workers in America live by that myth and die for it just as men died for a myth that was just as incredible in the World War. Into this "becoming class" fall nearly all the young and hopeful and the sons and daughters of those on the fringes of success, in short the most vigorous and able of our society. They work and fight their way upwards and some of them come out in the upper class. For those who fail it is too late to do anything except to join the aged philosophers of the socialist local or help to keep the *Daily Worker* going until next Monday morning.

THE CLASS STRUGGLE A MULTIPLE AFFAIR

My second foot note concerning the socialist description of the class struggle is that the class struggle in America is a multiple and not a dual affair. The *Communist Manifesto* described the class armies drawn up into two hostile camps like the Philistines and Israelites. The actual struggle in America is a cross between a riot, a day on the stock exchange, and the Chinese revolution. The increasing complexity of American capitalism has split up our economic society into international bankers, domestic bankers, salesmen, farmers, landholders, professionals, skilled workers, unskilled workers, and, to confuse the whole problem, black, white, foreign and American workers. The class struggle is a struggle within a set of struggles. This seems so evident that it does not need elaboration. I only refer to the 1928 farmers' demonstration at Kansas City and to the last campaign for La Follette.

The embattled farmers who beat their drums at Kansas City are a class-conscious economic unit quite as much opposed to eastern capitalists as the workers are, but certainly not identified with the city proletariat. The skilled workers within the American Federation of Labor who fight for the special position of their crafts against the unskilled tide also

constitute a struggle within the larger class struggle which demands special tactics. The city proletariat, itself divided into many racial and cultural groups, is a minority in the country fighting the railroads for cheaper transportation, the landlords for cheaper rent, the factory owners for higher wages and shorter hours, and the farmers for cheaper food.

THE STRUGGLE WITH NATURE

My third foot-note about the description of the class struggle is that it is obscured by the larger industrial struggle. The basic fight of all life is the struggle of man to wrest from nature a living. That struggle is larger and more important than the class struggle, and includes the class struggle as one of its features. Here in America we have been so successful in the struggle of man with nature that the struggle within that struggle has been obscured.

Suppose we are living on a pirate ship which is capturing large plunder almost every day. The pirate gang at the head of the ship may be taking nine-tenths of the spoils and making the sailors do all the work, but so long as the sailors are getting an increasing amount of plunder day by day, they are not likely to start a mutiny. The struggle between capital and labor on the pirate ship is forgotten for the moment in the heat and success of getting more plunder for everybody.

THE DIVERTING TOYS OF THE WORKER

That is exactly the thing which obscures the class struggle in America today. The amount of plunder which Americans are wresting from nature is greater year by year. The workers tend to overlook the injustice in the distribution of the plunder so long as their share is increasing. Our poverty and our misery are growing less; that is to say, our real wages are higher than they were a generation ago and there are infinnitely more cheap amusements in the country to keep the worker from thinking. I can't imagine anything that would turn a pirate's attention away from mutiny more effectively

than the diverting toys of the new America, radio, movies, ball games, airplanes, tabloids and evangelists.

I conclude, therefore, that the simple description of class alignments contained in the *Communist Manifesto* needs three foot notes before it is applied to America today. The bourgeoisie and the proletariat in America are lining up against each other but (1) most of the workers are not conscious that any war has been declared, (2) the struggle of classes within classes obscures the bi-class struggle, and (3) the mechanical success of the present system of economic development delays and quiets social discontent which is for most people a necessary preliminary to the clear perception of social wrong. These facts, however, are only modifying conditions of the class struggle in America. They make the task of socialism much more difficult and complicated but, as I will point out later, they do not destroy its validity as a fact.

Let us look now at the socialist theory of the class struggle as a prophecy. Socialists believe that the struggle between the capitalists and the workers is the most significant fact in history and that the struggle will terminate in the overthrow of the capitalist class and the control of industry and the community by the workers.

It may be assumed by somebody from what I have said thus far that I do not believe in this prophecy. On the contrary I do believe in the class struggle as a prophecy of the future and a vital fact of the present. I believe that the class struggle is the most important fact in the transformation of capitalism into socialism and I do not see any other way to effect the transformation.

THE SOCIAL AMELIORATION SCHOOL

Here I run counter to a whole school of thought which may be labeled for convenience the "social amelioration school." This school offers, it seems to me, the most dangerous challenge to the socialist theory of the class struggle. Their argument runs something like this: Capitalism has been immensely successful in increasing the riches of all classes of

people in America and its defects can be overcome without a class struggle if all people of good will unite in the spread of humane education. Capitalists are already learning to share power and ownership with the workers through stock purchases by workers, works councils, etc. To teach the workers class-consciousness and the necessity of the class struggle at this time will only create useless strife and postpone the arrival of a day of cooperation between all productive elements in society. Capitalism is gradually lifting the workers to a point at which all the workers who are fit to participate in the control of industry will be given that privilege.

Is there sufficient basis for this rosy prophecy? Most certainly there is not. The relative position of the American working class is about as bad as it ever has been, and we should not forget that it is *relative* position which determines social justice. Why should I be content with increased income if I find that men not one-half so deserving have gotten an increase twice as large? American capitalists have raised the wages and shortened the hours of their workers, they have sold shares of stock and created company unions, but they have not surrendered one iota of their class power, and their own gains have been much larger than the gains of the workers. They have learned to handle the workers with the gloves of the new social psychology but inside the gloves are the same old brass knuckles ready for use.

CLASS STRUGGLE CANNOT BE AVOIDED

I do not see how anyone looking at the American industrial system candidly can prophesy that the class struggle will be avoided by the steady amelioration of capitalism. Please do not misunderstand me when I say that. I am not denouncing social improvement within capitalism or saying that the socialist should oppose that improvement. I believe that the transformation of capitalism will come about partly through steady improvements in human standards, but those improvements can never be a substitute for the class struggle because they do not change the relative position of the classes. The

most profoundly immoral fact of our civilization is the feudal control of industry by an owning class and the consequent disinheritance of the workers. The socialist is the only one who seems to give due emphasis to that fact. The American upper class has many kindly individuals in its ranks who are very decent to individual workers, but it is made of human beings and human beings love power. All history seems to support the socialist prophecy that that class will not surrender its power without a class struggle.

We may apply three acid tests to the claim that American capitalism is eliminating its evils without the necessity of a class struggle. First, is the distribution of wealth as between rich and poor becoming more just? Second, is the control of industry becoming more democratic? Third, are the workers achieving a higher social station as workers?

I think that all three of these questions must be answered in the negative. Perhaps there is a slight improvement in the justice of our distribution of wealth, but the improvement is certainly very slight. The 1926 figures of the Federal Trade Commission indicate a concentration of wealth which leaves the poor man relatively about as much below the rich man as he was ten years ago. In the field of industrial control labor unions have steadily lost membership in recent years while the company unions which have grown so rapidly are being used chiefly as employers' instruments in getting more efficiency out of labor. Also the workers are still the lowest social class in America and every one of any intelligence tries to climb out of that class as quickly as possible.

Men like Professor Carver of Harvard offer stock purchases, company unions and the like as a substitute for the class struggle and they pretend that a great, silent revolution is making every sagacious American worker into a capitalist. But the very companies which Mr. Carver mentions as proof of his thesis are proofs of the opposite thesis. In not one of these companies which Mr. Carver mentions does the proportion of stock owned by the employes exceed twenty percent. The figures of the Federal Trade Commission are even more convincing: they show that of the companies reporting stock

ownership, employes had only 1.5 percent of the common stock and 1.9 percent of the preferred.

THE MATTER OF EMPHASIS

But am I stating the case of the opposition with maximum fairness? After all, Carver is a straw man and it is easy to attack straw men. Socialists, being human, like to set up some second rate thinker who occupies the exactly opposite position from their own, then knock him down and imagine that their thesis is proved. The best critics of the socialist theory of the class struggle do not say that the theory is all wrong. They simply contend that socialists over-emphasize the class struggle. They say that it is unscientific to prophesy in so sweeping a manner concerning an economic system which is so complex and chaotic. If I could line up before you all the professors of economics I have met in five years wandering in American colleges, you would find very few of them who would deny the reality of the class struggle. If they were called upon to prophesy as to the future of our system of industrial control they would probably predict a drift toward better labor conditions through three agencies:

1. Increasing mechanical efficiency.
2. The extension of labor and welfare laws.
3. The class-conscious struggle of the working class.

The economists who rate the factors in the advance of labor in that order usually vote for Al Smith or Hoover, believe in the right of labor to organize, provided labor is fairly quiet about it, and eulogize Henry Ford. The socialist has no quarrel with these economists when they say that mechanical efficiency, labor laws and the class struggle are important factors in the advance of labor, but the socialist would reverse the emphasis. He would say that the class struggle comes first, because the aim of labor advance is not mere individual welfare but the construction of a new society in which working is the only possible method of getting a living.

Whether you accept the socialist theory of the class struggle depends on whether you accept the socialist ideal. If you say that the preeminent object of all social change is the attainment of a society of one economic class, the class of labor cooperation, then the class struggle becomes the one important factor in social change. Then reform within capitalism is not enough.

The thing boils down to what you want as the outcome of economic evolution. If you want simply the improvement of the workers' condition in dollars and cents and shorter hours, then submissiveness and company unions and mechanical efficiency and labor laws may be better weapons for labor advance than is the class struggle. But if the thing you are aiming at is a shift in the whole arrangement of class power, then you must accept the socialist thesis and the socialist prophecy that the main factor in social transformation is the struggle of the workers for the overthrow of the capitalist class.

VIOLENCE VS. PEACEFUL ORGANIZATION

Well, how about method? I have touched upon the socialist theory of the class struggle as description and prophecy. What method should the class struggle follow in overthrowing capitalism? As socialists should we advocate a frontal attack on capitalism with any weapons at our command and end up with the dictatorship of the proletariat, or should we content ourselves with the weapons of democratic change such as labor unionism, parliamentary majorities and the state purchase of industry? I will attempt only a sentence or two in trying to answer it.

If I were a general in a war, I would use any weapons available to kill and mangle my enemies provided the use of those weapons did not act as a boomerang against me. But if I discovered that by using one ton of poison gas against my enemies I would bring down upon my own troops ten tons of poison gas from the enemy, then I would consider it foolhardy to use poison gas. The man who urges the American

working class to stand for the dictatorship of the proletariat at the present moment is giving the most bitter reactionaries of the upper class pretext for violence, suppression and dictatorship. At the game of dictatorship and suppression the American upper class has the workers beaten to a frazzle before they start to fight. *At the game of education and propaganda for democratic change, the working class has at least a fighting chance.* To me it is simply a question of sound common sense in the choice of weapons. The method which the American class struggle should adopt is the method best suited to meet the special difficulties with which we are faced, the lack of class-consciousness, the confusion of intra-class struggles and the psychological effect of relative prosperity. Considering those weaknesses in the forces of the American working class and the strength of the democratic tradition in this country, it seems to me that American socialists should advocate a class struggle based on the method of education and organization, of peaceful, democratic change.

But there is no use being bitter about this question of method. The communists can say to the socialists in America: "You have tried your method of class struggle and it has failed." And the socialists can say to the communists with what I think is even more justice: "You have tried your method and it has failed." What we need to do is to stop shouting at each other long enough to shout at the capitalists: "America has tried your method and it has failed."

THE CLASS STRUGGLE THEORY—WHAT OF IT?

By McAlister Coleman

Mrs. Malaprop once said that it was Caesar's wife who was "all things to all men." The words "class struggle" seem to evoke a somewhat similar vagueness. To some, they may mean nothing more than Bottle Night at Yale, with enthusiastic undergraduates wrestling beneath the elms with bored New Haven policemen. To others, they imply the frantic efforts of the Robinsons to keep up with the Joneses. To the communist, they are holy words indeed, no more to be changed or modified, if they can help it, then the description of creation in the first chapter of Genesis can suffer any revision if a Tennessee fundamentalist has anything to say about it.

Now the concept of the class struggle, as most socialists understand it, may begin in the mind of a discharged worker the time he sees the foreman coming around the corner of the factory, and proceeds to reach for the nearest brick. From such primitive origin the class struggle may well develop into the throwing up of barricades, the clashes of armed men, the violent elimination of an entire class, if you please. Or again, it may take the more subtle form of the peaceful but determined encroachment of the producers upon the control that now rests in the hands of the exploiting master class.

You read *Ten Days that Shook the World* or Albert Rhys Williams' *Through the Russian Revolution*, you go to such pictures as *Potemkin* or *The End of St. Petersburg*, you hear a group of strikers singing *The Internationale* with its confident assertion that this is "the final conflict," and if there is any red blood in you at all, nothing less than a bang-up one hundred percent, thumb-gouging, hair-pulling, face-stamping, finish fight with capitalism has any appeal whatsoever. But rising from your book, or leaving the motion-picture hall, with head held high and pulses racing, you find that it is not so easy to class-struggle in America in 1929.

To begin with, there is the difficulty of finding both ally and enemy.

WORKERS NOT ALWAYS ON THE SIDE OF WORKERS

There is something significant about the fact that the very first persons to fall with gusto and whirling fists upon those class strugglers who picketed the offices of John D. Rockefeller, Jr., in protest against the treatment of the miners in the recent Colorado strike, were none other than horny-handed members of the building trades, at work on the erection of a sky scraper near by. In the Boston crowds which jeered the Sacco-Vanzetti picketers all the way from the State House to the Joy Street Police Station, there were two proletarians to every bourgeois. The grim but patent fact remains that, consciously or unconsciously, in this country at any rate, the nearest approach to the fundamental technique of the class struggle has been made by the Chicago labor movement. And by those leaders of that movement who by every word and deed most violently detest the class struggle advocates. By use of semi-machine guns, pineapples, black-jacks and tear-gas bombs, the more conservative of the Chicago rank and file have for some years carried on a warfare against the master class that ought to, but somehow doesn't, satisfy the most ardent disciple of the class struggle theory. That is, of course, the theory that violence is inescapably tied up with militant philosophy, and that the chief end of a working-man is to make a bloody end of his boss.

If the recently won convert to this theory has extreme difficulty in determining just who is his friend, he has an even harder job when it comes to the question of settling just who is his enemy. Colorful, but rather undignified, scufflings with state troopers or city police give but the dustiest of answers to the question asked by the intruding peasant in the picture *The End of St. Petersburg*: "Where is the highest? I want the highest. Where is he?" On the film, the peasant found the highest and gave him a soul-satisfying licking. In real life in America, the highest is so cleverly ensconced behind

a screen of holding companies, corporate mergers, horizontal, vertical, and perpendicular trusts, that it is as easy to find him as to find an honest man in the Republican party.

In other words, while all of us may subscribe to and believe in the class struggle, while there is no doubt in the minds of any of us that it is very much here and now, nevertheless we may still reserve the right of interpretation of that particular dogma, and the right, too, of rejection of any Muscovite authoritarianism. For of necessity the class struggle must follow the complexities of the present industrial set-up, if it is to have any significance at all. And these complexities, unfortunately, are not likely to be solved by religious incantations, or the ecstasies of Russian revival meetings.

MANY CLASS STRUGGLES

As H. S. Raushenbush pointed out, in a paper read before the New York chapter of the L. I. D., even within the socialist limitations of the term, there are class struggles and class struggles. There is, for example, the struggle of the farmer against his ancient exploiters, the banks, the middlemen, and, most significant of all, the organized city laborer, on whose wages he looks with an envious eye. There is the struggle of the white-collar man against his superiors, and, at the same time, against the manual worker. There is the struggle of huge groups of workers in one industry against those in a rival industry. And there is the struggle of the skilled worker against the unorganized.

NO HARD AND FAST PATTERNS POSSIBLE

Now to attempt to make a hard-and-fast pattern of such conflicting forces is, in my opinion, to take on our hands at this particular time a needlessly arduous job. Anyone who has seen a class struggler at work, agitpropping around Union Square, or the back streets of the Loop, realizes that, by the very nature of things, he or she is so possessed of that particular barricading dream as to lose touch with all reality,

get plumb out of true perspective, and, when successful in his or her mission, cause more unmitigated hell for the workers, and more unexpected, but nevertheless uproariously welcomed heaven for the employers than a carload of State Police and injunctions combined.

There is a time for laughter and a time for tears, and a time for preaching the class struggle pure and simple. But that time is not now. What we need is a certain amount of common sense guile. We want to kick without seeming to move the foot. We want to do a far harder thing than mere flag waving, whether the flag be red, white, and blue or just red, or following the band as it plays the martial notes of the *Internationale*. A war of attrition may not be spectacular, but it may, nevertheless, be deadly effective. And one way in which we can carry on that war is on the political field, and another on the economic, and still another on that confused battleground where civil liberties struggle for mere existence.

Others in this symposium will develop the tactics and strategy of this unsensational, but nevertheless hopeful, warfare. It is my purpose simply to point out here that when you go into a fight, you select a time and place that will give you at least an even break. So you do not go to American workers, who on the whole are a pretty smug lot, and tell them right off the bat that they are a bunch of sweated wage-slaves whose only salvation is to go out and destroy the industry in which they are engaged. That is, you do not do this more than once. If you take the labor movement seriously, and not as an outlet for your revolutionary impulses, or a test-tube for your class struggle theories, you first find out just how far the workers will go along with you. And then you go there, and when you have arrived you find that, human nature being what it is, you can go along a bit further, and still retain your vision of the ultimate goal, which is the elimination of production for profit, and the bringing about of production for use.

UNSPECTACULAR EFFORTS GET RESULTS

I will grant that about all this there is not much whoopee to be made. The picture can hardly be described as a "breath-taking master-piece, with a thrill in every reel." It is more in the nature of one of those slow-motion pictures. But to me it seems to portray more graphically just what can be done with a slow-motion labor movement, which unfortunately is all we have got, than the frenzied pace which the more romantic directors are setting for their proletarian scenes. Of the class struggle as taught by its more extreme propagandists, the worker may well remark: "It's pretty, but is it art? And just where does it get me?" And recent experiences have shown us that the only honest answer to this question is that it gets the worker more firmly in the clutches of the employer, splits his union to pieces, diminishes the sum total of production over whose division he is supposed to be struggling, and leaves him at the end of the week with a notably thinned pay envelope.

The class struggle? Sure. Who is there who has been abroad in America of late who can deny its existence? But who is there, also, who can seriously maintain that the focusing of all our time and energy upon this theory, and this alone, is anything other than a new phase of that tragedy of waste over which our Mr. Chase is so concerned?

HOW MANY CLASS STRUGGLES?

By William Leiserson

The theory of the class struggle, like the theory of economic determinism, which Professor Barnes has discussed, attempts to explain the progress of mankind under all systems of society. It offers explanations of feudalism, and of the domestic economies of more ancient times, as well as of capitalism and socialism. But Marx's theory of value is an attempt to explain only how value is determined under the system of free, competitive enterprise.

This distinction is a rather important one to bear in mind. For, if socialists hold an erroneous theory of value as determined under a system of private, capitalist enterprise, it is a matter of no great moment. They may revise or even entirely discard the theory, without jeopardizing their movement. That is exactly what the defenders and advocates of capitalism have done. Ricardo had one theory of value. John Stuart Mill modified it. Jevons, Boehm-Bawerk and Clark had another theory, and modern economists are modifying that. Capitalism wasn't undermined or overthrown because theories of value were found faulty and changed. The socialist movement is as little affected by changes in value theory. Most of the Fabian socialists in England long ago gave up the Marxian theory of value. Yet the socialist movement in their country has grown apace.

But if the socialist theory of class struggle is wrong, then there is no reason to believe in the inevitability of socialism. For, if it is not true that the interests of the wage-earners are in conflict with the interests of employing and property owning classes, if the workers are not a "revolutionary class," if they can become masters of the productive forces of society without abolishing private property in those productive forces, if it is possible for them to share the ownership of industry with investors, managers and other capitalist classes

under a system of private ownership, then socialism is but a Utopian dream like Plato's *Republic*, Howell's *Altruria*, and Morris' *News from Nowhere*.

THE CLASS STRUGGLE THEORY

The class struggle theory being an essential basis of socialism, it is essential also that it should be understood aright. The classic statement of the theory is to be found, of course, in the *Communist Manifesto* of Marx and Engels:

> "The history of all hitherto existing society is the history of class struggles.
>
> "Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on uninterrupted now hidden, now open fight, fight, that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of contending classes.
>
> "In the earlier epochs of history we find almost everywhere a complicated arrangement of society into various orders, a manifold gradation of social rank. In ancient Rome, we have patricians, knights, plebeians, slaves; in the middle ages, feudal lords, vassals, guild-masters, journeymen, apprentices, serfs; in almost all these classes, again, subordinate gradations. . . .
>
> "Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature; it has simplified the class antagonisms. Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat."

First to be noted in this statement is that it begins with a theory of class struggles, and ends with a theory of *the* Class Struggle. In the past the antagonisms of many classes explain the history of the succeeding periods. But capitalism is simplifying the process, and in the future only two classes,

Capitalist and Proletariat will contend for supremacy until the success of the latter will inevitably abolish all classes.

A COMPLEX OF CLASS STRUGGLES

It is important to remember that in so far as the theory is one of class struggles, it is based on established historical facts which few competent students dispute. But the second part of the theory namely that of *the* Class Struggle, is largely speculation, conjecture and prophecy. True, there were many facts that pointed in this direction in Marx and Engels' time as there are today. But it is speculation and prophecy nevertheless, and the passage of years since the *Manifesto* was written has not brought the simple opposition of capitalist and proletariat which is predicted. On the contrary, classification and gradation within the ranks of both capitalists and wage-earners have been developed in much the same way as they had in the periods that preceded capitalism, with antagonism and class struggles continuing among the subordinate divisions of each instead of interests and conditions of life being leveled, so that two classes only would face each other in hostile camps.

The conclusion that socialism is the inevitable next step in economic development after capitalism is drawn from the simplified and speculative theory of the class struggle, not from the theory that history is to be explained by the conflict and struggles of classes. If the latter is true it may well be that under capitalism, too, manifold divisions of economic and social ranks will continue and lead to various forms of capitalism. And if it is ever superseded by some other economic order, that may not be a socialism without any classes, but a different arrangement with other gradations and other class antagonisms. That is why many historians and economists have accepted the theory of class struggles without accepting socialism.

THEORY OF CLASS STRUGGLES VALID

Professor Beard has shown that long before the *Communist Manifesto* was written, James Madison had worked out a theory of class struggles,* and that others before and after him had the same idea more or less clearly. But Madison used the theory to justify constitutional protections of private property rather than to abolish property rights in productive capital; and others who have held and now hold the same theory, have deduced from it a necessity for restricting democratic rule by the propertyless in all ages, rather than an inevitable development toward state ownership of capital and a socialism that would abolish classes.† What is true of the theory of class struggles in this respect is also true of the economic interpretation of history.**

If any revision of theory is necessary, therefore, in the light of knowledge that has become available since the "Communist Manifesto" was written, it is not in the theory of class struggles, but rather in the deduction from that theory of a simplified class struggle between Capitalist and Proletariat. Some years ago the American Sociological Society devoted one of its annual meetings to a discussion of class conflict. A careful reading of the proceedings of that session leads to the conclusion that the general theory of class conflicts was amply confirmed; and if any doubts were cast on the theory they applied only to its reduction to a simple conflict between Capital and Labor.††

Marx and Engels recognized that the "organization of the proletarians into a class, . . . (and a political party) is continually being upset . . . by the competition between the workers themselves." But they held that "it ever rises up

* Madison:—*Economic Interpretation of the Constitution of the United States*, pp. 14-15.

† Beard:—*Economic Basis of Politics*, Chaps. 1 and 2.

** Seligman:—*Economic Interpretation of History.*

†† *Proceedings:* American Sociological Society, Madison, Wisconsin, December, 1906.

again, stronger, firmer, mightier." In the capitalist class they saw a similar unity being developed. "The lower strata of the middle class—the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants —all these sink gradually into the proletariat."—and the large capitalists with common interests remain supreme.

CONFLICTING TRENDS

There is much in the facts of modern economic life to bear out this generalization; but there is much also that does not bear it out. It is true that small business men, shop keepers and farmers are becoming wage-earners or salaried employes, but it is also true that great numbers of them retire as investors, bond and stockholders and owners of tenant farms instead of sinking into the proletariat. While the persistence of small scale enterprise has been exaggerated by some economists, and there is no doubt that a larger proportion of the total working population tends constantly to concentrate in large scale enterprises, and these from year to year tend to absorb a larger proportion of the total business of the country,* nevertheless the absolute number of small scale enterprises tends to remain large in manufacturing as well as in trade and in agriculture. With the development of new lines of industry such as the automobile and radio has come also an increase in the number of small scale enterprises, with more or less independent little capitalists owning and managing repair shops, garages, service stations, and dealing in accessories of various kinds. The concentration of industrial control goes on apace; this is not to be disputed. But the small business man persists even though the relative proportion of the total production that he controls becomes smaller from year to year.

In time he may become a negligible factor, but the development of the modern corporation and markets for the sale of securities makes it possible for him to become an investor

* Thorp:—*The Integration of Industrial Operation,* Census Monograph III, 1924.

and part owner in the large scale enterprises as well as a small scale entrepreneur on his own account. And with the two sources of income it is not impossible that he may keep himself permanently above the class of the wage-earners. Marx and Engels noted that these were conflicting group interests within the capitalist class or what they called the bourgeosie. But they foresaw the large scale entrepreneur consolidating all the processes of production and marketing under his control, and eliminating wholesalers, jobbers, and middlemen of various kinds. Thus they saw the conflicting interests within the capitalist class finally eliminated, the unsuccessful capitalists sinking into the class of wage-earners.

MANAGEMENT SEPARATED FROM OWNERSHIP

This process was undoubtedly going on throughout the nineteenth century. And by the beginning of the twentieth the capitalist manufacturer had risen supreme and integrated in his own person the functions of owner, employer, wholesaler or jobber, and he was getting control of retailing as well. But no sooner had the manufacturer combined the functions of capitalist, employer and merchant than a new process of differentiation set in. Individual ownership of business and partnerships began to give way to corporation ownership, and investors in the form of stock and bond owners began to be separated from employers or industrial managers. We may be skeptical about the workers becoming capitalists by acquiring stock in the corporations for which they work, but there is general agreement that "wide distribution of securities in the hands of the public has separated management from ownership." * This is borne out by a careful statistical investigation which revealed that among the largest corporations, those with over $1,000,000 of capital,

> "in one-fifth only of the number making returns were the executives in a position of legal control. These

* Brookings:—*Industrial Ownership*, pp. 2 and 76.

were in the main the smaller concerns of the group. Half of the corporations reported executive ownership of less than one-fifth of their capital stock while more than one-tenth reported no stock owned by the managing hands of the corporations." (In the smaller corporations there was a larger proportion of stock ownership by the managers but) "perhaps the most surprising single fact brought out in the course of the inquiry is the extent to which the smallest corporations are under 'absentee ownership,'—the owners of stock being entirely different from the active managers." *

The interests of the owners or investors are by no means identical with those of the managers or captains of industry, and their class struggles have expressed themselves in many legal and political battles. The establishment of the Bureau of Corporations under Roosevelt's administration came as a result of these struggles, and the remarkable effect of Professor Ripley's revelations in his *Main Street and Wall Street* showed that he had brought out into the open a silent conflict.

"It is simply not true," says Henry S. Dennison, President of the Dennison Manufacturing Company, "that capitalists manage if they merely hire management, any more than they labor if they hire laborers. Anyone who has had a glimpse of the inside workings of stockholders voting will seldom claim that in the ordinary view of things capitalists as such, and in proportion to their holdings, really ever hire management."

MANAGERS, NOT OWNERS, THE EMPLOYERS

The managers, rather than the corporation stock owners, are the employers of labor, and the struggles between these employers and the wage-earners they employ are by no means the same as the struggles between capitalist owners and wage-earners, as we shall see presently. Now it is sufficient to point

* Taussig and Barker:—"American Corporations and Executives," *Quarterly Journal of Economics*, Vol. 40, p. 13, November, 1925.

out that investors constitute a division of the capitalist class with interests distinct from the managing employers of labor, in much the same way that small scale business men are a distinct group. We cannot here describe all the groups with different interests within the capitalist class; but the banking fraternity and the farmers must be mentioned.

BANKERS

Since the depression of 1921, the bankers have assumed a larger measure of control over industrial enterprises, and between them and the managers of industry a struggle for control is going on which is a frequent subject of comment in the financial pages of metropolitan newspapers. The bankers act ostensibly in behalf of investors, but they have interests of their own to further. Recent developments have shown them inclined to removing tariff barriers against international commerce, while industrial capitalists continue their clamor for protection.

FARMERS

That the "Agricultural Bloc" in Congress represents a real class interest, will not be disputed by anyone who is familiar with its actions. It cuts across the artificial party lines because neither party represents its interests. It is a property owning class, and although it has interests in common with wage-earners against the industrial and financial classes, these are negative and not the common interest of wage-earners.

When, therefore, James Madison wrote in the *Federalist* more than half a century before the *Communist Manifesto* was issued that "a landed interest, a manufacturing interest, a mercantile interest, a moneyed interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into classes, actuated by different sentiments and views," he was describing not only what existed in the past and in his time, but what is true at present. All of the capitalist classes may have common interests as against the wage-earners, but

the conflicts among themselves which Marx and Engels showed brought certain rights and benefits to the workers, have by no means disappeared as they predicted.

WAGE-EARNERS NOT HOMOGENEOUS CLASS

Nor is their statement true that "the various interests and conditions of life within the ranks of the proletariat are more and more equalized, in proportion as machinery obliterates all distinctions of labor, and nearly everywhere reduces wages to the same low level." The proletariat has not turned out to be the homogeneous class of laborers that was predicted. Few socialists even will agree with the *Manifesto's* statement that "the modern laborer, . . . instead of rising with the progress of industry sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth." That was probably true in England in the early part of the nineteenth century. But one does not have to be an economist or a statistician to see that it is not true today.

Our concern here, however, is not whether laborers are becoming increasingly poor, but whether they are becoming an undifferentiated proletariat with no important conflicting interests within the class. If we study the complexion of our working classes we find little evidence of such homogeneity being developed. The proportion of unskilled and semi-skilled workers to skilled mechanics is of course greatly increasing, but there is also a growing demand for skilled workers, and in absolute numbers these are increasing. They are wage-earners of course; but they are a class of wage-earners who are raising themselves to a position of responsibility in the government of industry. "The serf," said Marx and Engels, "raised himself to membership in the commune, just as the petty bourgeois, under the yoke of feudal absolutism, managed to develop into a bourgeois." But this sort of development they thought impossible for the proletariat. The position of the skilled workers in this country, however, shows that the upper layer of the proletariat may develop

not into a revolutionary class, but into what they called a conservative class. From this class of skilled workers are recruited the increasing numbers of foremen, superintendents and other supervisors of labor. Succeeding censuses of occupations show an increasing proportion of workers in the minor managerial groups. Unsuccessful shopkeepers and small business men may add to their ranks, but far from sinking into the proletariat, they are a group that is growing in prestige and social position as well as in income. The greater part of employe stock ownership is concentrated in this group, and while they may be classed as workers, their interests are close to the management of industry, and more often in conflict than in harmony with the wage-workers whom they direct.

"WHITE COLLAR" WORKERS

One of the most striking changes in the complexion of the working classes that has taken place in recent years is the development of the so-called "white collar" workers. In 1880 less than three out of every thousand people gainfully employed were clerical employes. In 1920 almost twenty-seven out of every thousand were in this class. While the population slightly more than doubled in these forty years, the number of clerks multiplied nine times. In 1910, one clerical worker was employed for every eleven manual wage-earners in the manufacturing industries. Ten years later there was a clerk for every eight manual workers.

As the numbers of clerical workers have increased, their wages have come down nearer to the level of the manual workers. But they enjoy privileges such as vacations, shorter hours of labor, more pleasant surroundings for their work, and salaries regardless of variations in amount of work which set them apart from the manual wage-earners, and which make them feel that they occupy a social position superior to other workers. They have shown little inclination to join labor organizations. Outside of the railroads and government service, the clerical workers are almost entirely unorganized. They have felt themselves more sympathetically

allied with management than with labor. They may be criticized for being "capitalistically minded" but the fact is that their conditions of work and of living do not make them feel as one with the manual workers.

Is there then a proletarian revolutionary class standing opposed to the capitalists? For certain purposes of description the grouping of all wage-earners and salaried employes in one labor class is of course useful and necessary, just as natural scientists arrange the various forms of life in orders and species. But as in the natural studies it must always be remembered that these broad classifications are used only for convenience in studying them. In reality the actual living forms are series of gradations and differentiations, and this applies also to industrial classes. We must always remember that the term "class" may include many differentiated groups with antagonistic as well as common interests. The working class, like the capitalist class, is made up of a number of differentiated groups, supervisory workers, skilled workers, common laborers, clerks and other "white collar" and salaried employes. The interests of all of these are by no means identical, as the conflicts among them and the unsuccessful attempts to unite them in One Big Union make quite evident to all except those who think their interests ought to be identical.

If the conditions of modern industrial life really tend to develop, for all those who live by their labor, a common working and social environment, as Marx and Engels thought, then a unified proletariat will no doubt emerge. But as long as conditions exist which make some workers exercise managerial functions, others deal with technical problems, while still others have an office environment, and some common labor jobs, the chances of their all thinking and acting in unison are likely to be problematical.

BASIS FOR CLASSES

Modern sociology gives us a psychological explanation of the nature and the actions of social groups or classes. Like

responses on the part of a large number of people to the same stimulus will develop like-mindedness among them, and in time they will become conscious of their likeness, and thus be led deliberately to plan and to act in furtherance of the interests of the group. The working environment of people serves as a stimulus of this kind, and the continued like responses to the same environment develops the characteristic psychologies, or the "sentiments and views" as Madison phrased it, of the various classes. Thus Veblen has shown that the capitalist classes work and live in what he called a "pecuniary environment" which develops a certain psychology in them, while the wage-earning classes are subject to a "physical environment" which stimulates a different set of responses and a different attitude toward life.

But this very significant generalization may be too broad. The behavior and attitudes of classes seem to be affected strongly by narrower environments. Order-givers or managers of industry have one psychology, and order-takers another. The owner or the investor, the "white collar" worker, and the skilled mechanic, like the servants and common laborer, each develops a different attitude and outlook on life and occupies a different social status. However, the regimentation of the human forces in industry is not the only determining factor. The traditions, temperaments and other social and biological inheritances of the different races and nationalities predominating in each economic class also affect their attitudes and behavior and help to determine their general outlook. The differences between the sexes, between young people, old people, middle aged people, between Negro, native-white and foreign-born, between north European, south European, Jewish and other races—all these elements entering into the social composition of the economic classes have their effects in determining the behavior of the classes and their relations to one another. Marx and Engels predicted that such differences would come to mean little among wage-earners oppressed by capitalism, but the facts appear to be against that prediction.

SOCIALISM AND CLASSES

If we direct our attention to the actual struggles between the employing and the employe class, we find not only that there is no unified proletariat developing in opposition to a capitalist class, but the evidence seems to show that many of the same groupings with conflicting class interests that we see today are likely to exist also under any system of collective ownership of industry. The appealing promise of socialism that it will abolish all classes is one that it is not likely to be able to fulfill. It may abolish the capitalist class as owners of industry, but it cannot abolish the employing managers, or the different classes of workers such as technicians, clerical employes, and manual laborers. And the ownership of industry by the community or the state is not likely to make the relations between the workers and the citizen owners very much different from the relations between absentee stockholders of large private corporations nowadays and its employes.

MANAGERS IN PUBLIC AND PRIVATE OWNERSHIP

The class conflict which is signficant to the socialist is that between employers and wage-earners. But the loose use of the terms capitalist and bourgeois as synonomous with employer has obscured the fact that the employing class and the capitalist class are by no means the same. "When I speak of employer," says Sam Lewisohn in his *New Industrial Leadership*, "I refer either to the hierarchy of executives in a corporation or to a proprietor." The proportion of proprietors and firm members who employ and manage labor in their own businesses has been decreasing both absolutely and relatively in manufacturing and mining industries until only about two out of every hundred persons engaged in these occupations are of this class. The place of the proprietors has been taken by salaried officials of corporations and managers who doubled their number between 1910 and 1920. These

are the real employers of labor. As we have seen before, they often have but a very small stake in the ownership of the industries they administer, and they constitute a class distinct from the stock and bond owners. The hierarchy of managers hire, discipline and fire the workers and determine their conditions of employment. The significant labor conflicts are between these managers or order-givers and the various groups of order-taking workers.

But such a hierarchy of managers is as necessary in a publicly owned industry as in a private corporation; and unless socialism proposes to do away with large scale industry, which it cannot do, it is likely to have class conflicts between its employing managers and its employes much the same as we have now. The less spectacular antagonisms between the absentee stockholders who own the title to the industries and the people who work in them are also likely to be continued in the form of conflicts between the body of consumers or citizens in whose name the state operates industries and the workers whom those industries employ.

Evidence of this is available in our government owned post office. When Burleson was Postmaster General, bitter conflicts arose between the postal employes and the hierarchy of managers of which he was chief of much the same character as the labor conflicts between big industrial corporations and their workers. The only difference was that the postal workers could not strike against the government. The fact that as citizens they were also owners of the post offices in which they worked helped them as little as employes of private corporations are helped if they own a few shares of stock. And when the postal workers appealed to Congress to raise their wages to meet increased living costs, they found the pressure of the other citizens with whom they shared ownership in the post offices was strong enough to prevent them from getting adequate increases in their pay. This and the strike of the Boston policemen against low wages ought to make it evident that abolition of private ownership is no guarantee against class conflicts.

Additional evidence is available in the experiences of the

consumers' cooperatives. The workers who own the British cooperatives have to employ a hierarchy of managers to administer them in much the same way that capitalist corporations do. The employes of these cooperatives have found it necessary to organize unions to protect themselves against the management exactly the same as other workers. Several times bitter strikes of the employes of the cooperatives in Great Britain have broken out, and when these occurred the managers fought the strikers with the same bitterness that the managers of capitalist enterprises show. And they saw the issues in the same terms. In their appeals to the public they said the question that caused the strike was whether the managers selected by the cooperators should run the business or the unions of the employes. The fact that workers owned the cooperatives did not change the struggles between workers and employers very much.

Producers' cooperatives have universally failed for this very reason. To succeed they must have a capable and efficient hierarchy of managers alive to their responsibilities. When such managers are secured, the workers whom they employ find that they have the same problems of conflict of interests with their supervisors as they had when they worked for capitalist employers. Then one of two things happens. Either the workers select managers themselves, and these are incapable or restrained by fear from pursuing a vigorous management policy, or the management asserts its independence and the resulting dissatisfaction ends the cooperative enterprise.

In view of these considerations what shall we say of the class struggle theory? It would seem that both in its theoretical statement and in its practical application to the furtherance of the socialist movement it needs to be revised. The revision of the theoretical statement is of lesser importance. In its general outlines, the statement that the dynamic forces in society are the differences of class interest is accepted by modern social scientists. The emphasis on the unity of interests of all the differentiated elements among the working classes may also be maintained. But this is not an established fact, and needs to be presented as an admonition to sink lesser

conflicting interests in larger common interests, rather than as a proved conclusion from an analysis of class interests. *And the mission of the working classes to achieve supremacy and to abolish all class conflicts in the future by abolishing private capital and private business enterprise needs to be modified into a statement of a wish that socialists would like to see fulfilled, instead of an end toward which the laws of social evolution are inevitably working.*

ORGANIZATION VS. ACCEPTANCE OF SOCIALIST PRINCIPLES

The practical methods of applying the theory of class struggles to the promotion of labor and socialist movements, however, need much more drastic revision. If the theory is really to be followed in practise then the statement of Marx and Engels that socialists "do not set up any sectarian principles of their own, by which to shape and mold the proletarian movement" ought to be the basis of all practical methods. It is to be assumed that the logic of events will develop the appropriate ideas for the labor organizations in each country, and they do not need a new set of principles that someone has worked out for them. The workers' movements, wherever they exist and have vitality, are instinctive reactions to the conditions under which they work, to the grievances which they have, and the evils they suffer. When socialists attempt to commit trade unions and other labor organizations to platforms and doctrines of collective ownership, abolition of private enterprise, unity of interest of all working classes, and other deductions from the class struggle theory, they are but interfering with the natural development of the workers' movements.

The theory requires that workers shall organize along class lines, not that they shall adopt any set of ideas which someone thinks are appropriate for their class. If the struggles of organized wage-earners do not lead them in the direction of the ideas that socialists have, then the chances are that the socialists' ideas are wrong. If they do lead in the direction of socialism, then it would seem that promotion of working

class organizations and aiding them in their everyday struggles would be sufficient. There is no reason, therefore, for the attempts to impose on them "sectarian principles." Socialist principles are as apt to divide the workers as republican or democratic or any other set of doctrines. What one considers to be in the interest of wage-earners another may consider inimical to those interests.

Just as modernist religious leaders are distinguishing between the religion about Jesus and the religion of Jesus, so socialists need to distinguish theories about class struggles from the theory of class struggles. Various political sects have deduced different conclusions and programs from the theory of class struggles and each attempts to impose its deductions and principles on the workers' organizations. But these are ideas about class struggles. The theory of class struggle itself merely involves the organization of each class on the basis of its own interest. A consistent application of the theory requires, therefore, that workers should be helped to organize on the basis of their class interests and not on the basis of adherence to any set of ideas contained in a socialist or other platform.

In this sense Samuel Gompers' policy was more Marxian than that of the socialist whom he fought so bitterly. He proposed to bring workers together in one organization on the basis of their trade, or craft, or industry whichever seemed more expedient at the time. Industrial unionism may be theoretically more sound than craft unionism, but if workers could be organized around the interest in their crafts, and they would not stick together as well in a general union, then the craft organization obviously was the one to promote. On the other hand, if industrial unionism would hold the workers, as in the case of the miners, then that form was the one to promote.

The end Gompers sought was always an organization of workers. Whether they united on what any one thought was the "right lines" or not was immaterial. Similarly his "non-partisan" political policy was distinctly a partisan class policy. Workers were to act as a unit using all parties to

further their interests, instead of assuming that only by subscribing to a platform that is called socialist can labor interests be promoted. Gompers indicates in his autobiography that he got his ideas of organizing labor as a class from Marx and that he was opposed to the political interpretations of those ideas, largely formulated by Lassalle, because they tended to emphasize abstract principles and platforms and to throw the organization of workers on the basis of their economic interests into the background.

A continuation and rejuvenation of Gompers' policy of labor organization, therefore, seems to be the most practical method of translating the theory of class struggles to concrete uses. However sincere and well-meaning have been the efforts of such leaders as Debs and DeLeon, the fact remains that they left behind them no permanent organization of the working classes, while Gompers left a legacy of between three and four million organized workers. If these consist mainly of skilled workers, it is not because he did not try to organize the unskilled. These, like the women workers, find it extremely difficult to maintain permanent organizations, and when they are organized around a nucleus of skilled mechanics, the conflicts of interest between the two groups make the maintenance of solidarity a most perplexing problem. Whatever may be said of the failure of the A. F. of L. to organize the unskilled and semi-skilled workers, certainly the efforts of socialists and other left-wingers have accomplished much less in this respect.

The policy of making socialist principles and platforms the basis of working class organization rather than the trade, craft, industry or occupation, has led to some grotesque results. A membership is secured in which many classes other than wage-earners predominate. Small business men, capitalists, traders, managers, and intellectuals of various kinds are accepted because they subscribe to a platform, while actual wage workers remain without because they cannot accept the doctrines. And this is called organization of workers on the basis of class-consciousness.

A successful practical program would seem to require

that the various employe classes, the semi-skilled, the clerical workers, the unskilled laborers, the technicians and professional workers and those who are in minor supervisory occupations shall each be appealed to on the basis of their immediate and narrower class interests rather than on the basis of an abstract identity of interest with all workers. Only in this way does it seem possible to maintain permanent organizations among the workers. *When the groups of wage-earners have been thus organized, then the larger interest of the working classes as a whole can be promoted by combination and federation.*

IN DEFENCE OF THE CLASS STRUGGLE THEORY

By Louis B. Boudin

I do not intend to "preach" the class struggle. But as everybody knows, I am an adherent of the theory of the class struggle, and I intend to say something about what it means and let others then decide for themselves whether they want to "preach" it or do anything else about it.

We are engaged in a struggle, in a battle, and we ought to do what the general does in a battle. We want to know what are the forces arrayed against us. We want to know who is the enemy, and we want to know who are our allies. That is exactly what the class struggle theory tries to do.

As I stated in the discussion under the economic interpretation of history, Marx developed the theory that the progress of society proceeds by means of the struggle not of individuals, not merely of groups, but of classes. By classes he meant people representing distinct economic *orders*; not only economic *interests*, but *orders* such as we have in mind when we speak of orders of society, as when we speak of the capitalist order. It is true this word is of vague meaning and wide application. Nevertheless when we speak of the capitalist order of society, and contrast it with the medieval or feudal order, everybody knows what we are talking about; although it may take several books to tell where capitalism began or feudalism ended.

PSYCHOLOGY AND THE CLASS STRUGGLE

The salient point in the Marxian theory of the class struggle is not that there is a struggle between classes—people knew that long before Marx was born, just as the labor theory of value was known long before Marx became an economist. What Marx contributed to the sum of human knowledge on the subject of classes, was, that every class contributes

an ideology and a psychology, a system of ideas and feelings of its own. In my opinion this matter of psychology is extremely important, and let me now point to the practical problem that is bound up with it. As Mr. Blanshard very properly said, the question is, what are the social forces arrayed against us? Well, that may be a problem of economics. He also said, "Who is the enemy?" That may be a problem of history. But, when he asks, "Who are our allies?"—I say that is a problem in *psychology*, and you can only solve this problem if you understand the theory of the class struggle, if you understand what classes are likely to aid in the bringing about of the revolution not merely because of their economic interest but because of the psychology which they have acquired in the course of history.

THE FARMER AND THE CLASS STRUGGLE

Let me give you an illustration that may clear the point. Those who have been long in the movement will have noticed that in the past ten years a remarkable change has occurred with respect to the view of socialists with reference to the farmers, and that change of view, it is interesting to note, is not limited to any particular "wing" or group of socialists. Communists and socialists divide on everything, except on the question of catching the farmers' vote. The ultra-communists do this exactly like the right-wing socialists. This may seem like a problem in practical politics, in which the communists have shown as much aptitude as the right-wing opportunists. But in my opinion it is a question of ineptitude, based upon a failure to understand the theory of the class struggle.

My friend Mr. Coleman has said that to the communist the class struggle is the holy of holies. It may be the holy of holies, and that is, perhaps, why they know nothing about it. People, as you know, are forbidden to step into the holy of holies. The fact is, that communists as well as right-wing socialists know precious little about the class struggle as understood by Marx. Hence the frantic endeavor of both

"wings" to capture the farmer. Here there was some real revision of Marxian theory. Not a formal revision, but by the adoption of a practise based on a different theory. The attitude towards the farmer was different before the war, as you know. In my opinion that attitude was the correct one. And the present attitude is absurd. Its absurdity, however, does not consist of the fact that socialism is not in the interest of the farmers. On the contrary, socialism is as much in the interest of the farmer as it is in the interest of the working-man. But working-man and farmer cannot possibly feel towards socialism in the same way. The farmer must feel differently because the conditions of his life, the history of his class, his mode of work, his environment, the tools with which he works, the ideas with which he is saturated in the course of his work, are different. His traditions are different, and these traditions are strengthened by his education. Not only by the ideas left with him from school, but those with which he becomes saturated as he works, and as he lives and fights his economic battles.

The more the working-man grows in the particular environment which Marx envisioned when he was speaking of the transition from capitalism to socialism, the more he acquires a psychology which fits him into a socialist society and the more he develops into that state of mind which leads a man to revolt against the present order and to desire to introduce a new system which we call the socialist system.

The farmer is exactly the reverse—the typical farmer at least. I am not speaking of the farmer as he may develop in the future, but the farmer as he is, and long has been.

The purpose of this digression was not to urge a policy, but to illustrate a point; namely, that the psychological element is of paramount importance in the theory of the class struggle.

THE WORKING CLASS AND THE CLASS STRUGGLE

I now want to discuss another phase of the theory in which the shoe is on the other foot, so to speak. This is the question of the place of the "revolutionary working class" in this

theory. In the way that phrase is used in current discussion, the emphasis seems to be psychological. Such is the tenor, for instance, of Professor Leiserson's remarks in this connection. Without desiring to minimize the importance of the psychological element involved in the term "revolutionary working class," after having spent so much time emphasizing it, I must, nevertheless, point out that in the ordinary use which is made of this term in these discussions, everything else, outside of psychology, is usually, and erroneously left out. I am afraid that Professor Leiserson fell into the same error.

I must, therefore, at this time, emphasize another point of this theory; namely, that in Marxian terminology, the vital element of this phrase is a matter of historic *position* rather than *volition.*

In order that this point may be made more clear, I would like to call your attention to some of the remarks made in this connection by Professor Leiserson. Professor Leiserson said, in substance, that, according to Marx, past societies were divided into many classes, but that present day society is divided into two classes only. He says, further, that the fact that society has in the past been divided into classes is neither new nor questioned, and he cites James Madison to prove the fact. The contribution which Marx made to the theory of classes, therefore, consists, according to Professor Leiserson, in the assertion that present day society is, or tends to become, divided into two classes only. This he considers important if true, and vital in so far as the prediction of the advent of socialism is concerned—at least in the advent of socialism according to Marx. He then examines the actual social conditions and comes to the conclusion that the Marxian prediction as to the division of our society into two classes has not come true, and is not in the way of becoming true. Hence his conclusion that the theory of the class struggle needs revision.

After an elaborate analysis of our social structure, he puts the question: "Is there, then, a proletarian revolutionary class

standing opposed to the capitalists?" His answer to this question is in the negative.

I do not intend to follow Professor Leiserson's social analysis in detail—for the simple reason that I consider it unimportant even if true. For I believe that Professor Leiserson has somewhat misconceived the importance of the division of society into two classes in the Marxian scheme of revolution, as well as the exact meaning which Marx attaches to the phrase "revolutionary working class".

CLASS AND REVOLUTION

In order that we may understand the Marxian theory of the class trouble, preliminary to a discussion of the question whether it ought to be revised, we must define the conceptions of "class" and "revolutionary" as used by Marx. What is a class? As Marx uses the term, it means a group having an economic interest of its own so fundamentally different from the economic interests of the rest of society, or of other groups of society, that it cannot be satisfied except by a change of the entire social system.

Both elements of this definition are important: On the one hand, the common interest of the group must be economic; and, on the other hand, the social changes which it requires, or which must follow it, must be fundamental.

Changes, no matter how great, that are not the result of an economic interest, are unimportant in this connection. Take, for instance, the problem of feminism. Men and women undoubtedly form fundamentally different groups. According to feminists, men are a ruling class and women a subject or exploited class in this man-made world. And there can be no question of the fact that the division into sexes is an important one, as well as of the fact that serious social changes may result from a change in the relation of the two sexes. Nevertheless, the struggle between the sexes, if there be one, is not a class struggle in the Marxian sense. And the reason for it is that the members of neither of the sexes have a

common economic interest in the Marxian sense of that term. The position of women in society may be the result of certain economic conditions; but women, as a group, have no economic interest of such a nature that, if satisfied, it would lead to a fundamental change in the present economic order. The reason for this goes back to the Marxian theory of the materialistic conception of history, in which the economic factor is the primary, and the social factor, the secondary.

This example of feminism which I have used to illustrate the meaning of *class*, may also serve to illustrate the meaning of *revolutionary* in the Marxian terminology. Just as women do not constitute a "class", according to Marx, so is their movement not "revolutionary", as Marx uses that term. I may best illustrate the Marxian use of the term by referring to the oft-repeated statement that a revolution is but a successful revolt. That statement is true enough as far as it goes. But it does not go anywhere near far enough toward explaining the Marxian use of the terms "revolution" and "revolutionary". For, according to Marx, it is not every successful revolt that brings about a revolution. The successful revolt of women, for instance, has lead to no revolution in our social system. That's why the movement for the emancipation of women, praiseworthy and necessary as it was, was not a revolutionary movement. This was not because it was not destined to be successful, but because its success was not dependent on a fundamental social change nor was it necessarily followed by such a change. And the reason for this is the fact that the interest which women, as a group, had in common, was not an economic one in the Marxian sense. That is to say, it was not based upon the use or exploitation of a particular economic tool or order.

Let me use another example, which may serve even better to illustrate my meaning. You remember the uprising of the slaves under Spartacus. That uprising remained a revolt, never becoming a revolution. But it did not remain a revolt merely because it was never crowned with success. It would not have become a revolution in the Marxian sense even if it had been successful, for both the economic and the

social systems would have remained the same. Nor would the mere freeing of these slaves, without their enslaving their masters in turn, have been a revolution, because the institution of slavery would not have been abolished thereby. Nor would even the freeing of all slaves have amounted to a revolution, as that term is used in connection with the class struggle theory, unless the economic or social order existing at the time of the uprising was dependent on the existence of slave-labor and slavery as an institution.

In other words, in order to understand the Marxian theory of the class struggle, we must rid ourselves of two conceptions which seem to be inseparably connected with the term "revolution" owing to the ambiguity of language: First, that revolution does not mean merely the overturning of a given order; and, secondly, that revolutionary is not merely a matter of will to effect such overturn.

In order that the overturn should be a real revolution, it must be the change of an economic *system;* which, according to the Marxian theory, is necessarily accompanied or followed by a change in social institutions, as well as in the prevailing ideology. And in order that the movement for such overturn may be really revolutionary, the will to effect the overturn must be accompanied by circumstances, and operate under conditions, which would necessitate such social and ideologic change, if the will to make the overturn should prevail.

How were such changes effected in the past? According to Marx, such changes, since the introduction of private property and the consequent division of society into classes, have been the result of the struggle of the classes into which society was divided. It was not the struggle between the owning and non-owning classes; but, rather, the struggle between the different owning classes, classes owning different means of production, and therefore representing different economic systems.

As each new instrument of production came to the fore, those who owned or controlled it engaged in a struggle with those who represented the old means of production, for suprem-

acy, first, economically, and then, socially. In this struggle, they employed not only their economic weapons, but also new ideas, ideas both as to social arrangements and as to what might be called social ornamentation, which were "of a piece", so to say, with the new economic forces.

When the new instruments of production prevailed, a new order was created, the basis of which were the new economic forces, the new means of production; the main body consisting of social institutions which included, among other things, the rules for the distribution of the social product; and a new ideology which was designed to promote and perpetuate the new order. And this change from one system to another is what we call progress. The replacing of old means of production by new ones is economic progress. The change from old social institutions to new ones is social progress. And the change in ideology is the "forward march of ideas"—the progress of the arts, sciences, and similar matters, including the notions of "right" and "wrong".

According to Marx, there is no such thing as a conservative class or revolutionary class in the abstract. No class is in itself either reactionary, or conservative, or revolutionary. Therefore, to speak of the working class as the "revolutionary working class", as if the working class were by its nature always revolutionary, is not to use Marxian terminology. And when used in connection with the revision of the Marxian theory, it is worse than meaningless—it is confusing.

No class is either reactionary, or conservative, or revolutionary, except in time. And every class that has appeared upon the scene and participated in this progress, was, in turn, all of those things—at first revolutionary, then conservative, and in the end, reactionary. That applies to the bourgeoisie or capitalist class as well as to any other class. The bourgeoisie started as a revolutionary class. It then became conservative. And it is now mostly reactionary, although not uniformly so—depending upon time and circumstance. The working class started exactly in the same manner as the bourgeoisie, —that is, by being revolutionary. Whether or not it will end in the same manner as the bourgeoisie, is a different

question. The revolutionary character of a class is not something innate but is dependent on the time element. It is thus not entirely a question of volition. To be exact, it is a question of *volition* as the result of and dependent upon *historic position.*

"In the beginning," says Marx, "was Revolution." But not in the very beginning. While we may say that in the Marxian scheme of historic evolution a class *begins* by being revolutionary, that must not be taken too literally. What is really meant is this: In its *youth* a class is revolutionary. But a class must have grown some before it acquires its revolutionary character. Children are not revolutionary, although the "Younger Generation" usually is.

Two questions, therefore, present themselves in connection with the working class: The first is—what assurance is there that the working class will always remain youthful and therefore revolutionary? Secondly—what new economic tool does the working class represent, which could be made the basis of a new economic order assuring the victory of the working class?

In a way, the second question answers the first: The reason of the aging of classes from revolutionary youth to conservative middle age and reactionary old age, is the fact that in the course of what we have called "progress", a growing revolutionary class, after achieving victory, becomes a conservative ruling class, only to become later, a reactionary class on the decline. But the working class owns nothing. It cannot, therefore, become a ruling class in the same manner as owning classes have heretofore become such. It does not, therefore, necessarily have to age. But can it, then, bring about a revolution? In other words, the question really is: Is the capitalist system of society the last word in progress in the sense that there is no further progress beyond it, or is there some other means of revolution possible except that through a new economic order based on a new tool and new ruling class?

It is mainly in this connection that the problem of two or *more* classes becomes important. None of those who deny

the Marxian assertion that our society tends to become divided into two classes only, will assert that there is on the horizon any *new* owning class such as was the bourgeoisie, for instance, with respect to the old feudal society. Is there, therefore, to be no further progress? Or has the theory of the class struggle proved itself invalid because of its *impassé?* The Marxian answer to this question is: In the first place—it is true that there is no other new class on the horizon which could take the place of the present capitalist class as a *ruling* class. It is this chiefly that Marx had in mind when he emphasized that our society is different from the old society in that it tends to become divided into two classes only—the capitalist class and the working class: There is no discernible division in the capitalist class which would allow us to assume that it will give birth to some new class which will displace it as a ruling class, and therefore create a new social order. How, then, is further progress possible?

PROGRESS NOT INEVITABLE

We may pause for a moment here to say that under the Marxian theory of the class struggle progress is not obligatory. The class struggle theory does not say that there must be progress. It merely says that wherever there was progress, it was accomplished in a certain way.

There is nothing to prevent a society from becoming stationary. But our society is not of that kind, because it is entirely too mobile. Yet even mobile societies must not necessarily make "progress"—now giving the word a wider meaning than mere change. They might break down. Civilizations in the past have broken down. What is more, Marx is of the opinion that our present system shows all symptoms of breaking down, by reason of certain internal contradictions inherent in its economic basis. That is where the theory of value and surplus value comes in. And I may remark here that although I agree that the theory of surplus value is not as basic a part of the Marxian system as either the materialistic conception of history or the theory of the class struggle,

it is, nevertheless, so important a part of the Marxian theoretical system, that without it the road to socialism would be completely blocked. And Professor Leiserson was entirely in error when he said that the theory of surplus value is not a necessary part of the Marxian theory of the advent of socialism.

I may, therefore, summarize the historic situation from the Marxian point of view as follows:

All societies based on private property were divided into classes. In all such societies, progress was effected by means of a struggle of those classes—particularly, different ruling or owning classes. We have now reached a point where society has become, or is tending to become, divided into two classes only, that is, *one* ruling class and one subject class. Also, the present order is not of the stationary kind, but more mobile than any that has preceded it. And it shows all symptoms of breaking down by its internal contradictions. By reason of this situation, the possibility of perpetuating our society as a stationary society is excluded.

The alternative is: progress or breakdown.

But since progress along the old historic lines seems to be impossible, haven't we, perhaps, reached a point where progress may be possible without a new ruling class? To this, Marx answers, "Yes." And the reason for it is, that we have reached the point where the subject class is ready not merely to make a personal change, so to speak, to destroy the present ruling class and substitute itself as a ruling class, but to abolish all classes by the abolition of private property.

GROUPINGS WITHIN CLASS IMMATERIAL

The different groupings, either within the capitalist class or within the working class, therefore are, or at least tend to become immaterial. For none of the groupings in the capitalist class are such as to justify the expectation of the development of a new owning class to replace the present owning class by substituting a new economic order for the present one. Nor is there anything in the divisions within

the working class which would justify us in assuming that any of these groups would become so identified with the ownership of a new economic tool, capable of creating a new economic order, as to permit the rise of an owning-ruling class from the womb of the working class.

Of course, the divisions within the working class are important, their importance being directly in proportion to their interest in maintaining a social order based upon private property. For it is only by the abolition of private property that further progress is made possible without a new owning-ruling class. But there is nothing in what has been said by economists or statisticians which would justify the assertion that any subdivision of the working class, no matter how conservative or reactionary it may now be, is such as to prevent the working class from accomplishing the task of the abolition of private property. And the Marxians maintain that the developments of the last thirty years during which this problem was being debated has been such as to prove exactly the contrary: That the new middle class, the salariat, while still conservative, and sometimes even reactionary, and therefore retarding the revolutionary ardor of the working class, is nevertheless, not interested economically in the maintenance of private property as such. And that, on the other hand, all the tendencies of our society during the past thirty years have been such as to deprive private property as such of the hold which it had heretofore had on the upper classes, both ruling and middle classes; and that by reason thereof it is losing its old psychological and ideological hold upon society and particularly upon the non-owning groups, including the so-called *new* middle class.

But this is a subject that requires separate consideration. Here, it is sufficient to say that it is from this angle that the problem must be approached when we discuss the question as to whether or not the Marxian theory of the class struggle needs revision. For myself, at least, I may say that I have examined the problem closely from this angle also, and have come to the conclusion that the class struggle theory is as valid today as it ever was. That is to say, I believe that

nothing that has occurred during the past thirty years at least has tended to disprove it in any way, and that many things have occurred during these thirty years to confirm it.

DISCUSSION ON THE CLASS STRUGGLE

MR. BENJAMIN STOLBERG: There is good ground for saying that the class struggle is as old as human society. At any rate, in its modern meaning it is certainly coeval with the social democratic views and tactics of labor in the industrial order; not merely coeval but characteristically and essentially so. Labor movements differ in various cultures and are accordingly variously viable. But they are authentic or meretricious exactly to the degree in which they are class-conscious or not.

I am not here discussing normative values; what ought to be the attitude of American labor. For the moment let us suppose that the contemporary American nullification of labor by capital, its complete liquidation by Finance—Big Business, so that the latter may quench the more effectively its thirst for power, is socially desirable. If this be so, then we must admit that such liquidation can be accomplished, and is in fact being accomplished, exactly to the degree in which American labor is being evaporated of its class-consciousness; whose characteristic behavior is the class struggle.

All this is trite and patent to any historian and student of the labor movement. In fact, not merely the labor movement must be defined by its principal militant motivation but so must every other social movement. The function of the suffrage movement was to secure the political ballot for women. Everything that helped this movement was good for it. Everything that hindered it was evil for it. Interpretations of what is good and what is evil, of what is better and what is worse for a movement, vary. But the denial of the basic militancy of any social movement is idiotic. ("Lib-

eral" movements whose object is specifically compromise are not really movements at all but species of escape.)

There are many psychologically interesting reasons why the term "class struggle" has fallen into such disrepute in our economic jargon. But whatever these reasons might be it is none the less true that the history of the American labor movement no less than the history of any other authentic labor movement, has functioned only to the degree of its class-consciousness.

For one thing, historically American labor in its present form drew its original philosophy from the Marxian social democratic movement of the last mid-century. To say that the history of the A. F. of L. is anti-Marxian in its origin, and therefore traditionally entirely divorced from it, is like saying that there is absolutely no connection between the great social democratic stream of modern labor and the anarcho-syndicalist movements of Mediterranean labor, simply because Marx and Bakunin hated and fought each other so bitterly. As a matter of fact, a close study of early Gompersism is a study in a modified primitive syndicalism—acclimated to the American atmosphere—but historically as traceable to the organic beginnings of modern labor class-consciousness as any other national modification of it. During the first two decades of its existence, the Gompers movement was definitely militant and successful to the degree of its militancy. Moreover, it grew as a labor movement in proportion to the degree to which it fed for years on its inner socialist opposition, in one form or another, adopting a great deal of this inner socialist criticism.

And so the gradual respectable collapse of American labor now can be traced as a deviation from this early militancy. Technically, of course, one must study the impotence of our labor movement by its various class-collaborative escapes of responsibility. But psychologically it has lost its labor aspect, because its inner vitality is too exhausted for the class struggle. The term class struggle has a far-fetched sound to us today simply because, in a very real sense, we have no labor movement at all.

MR. BENJAMIN C. MARSH: After hearing this discussion I can't quite make up my mind whether you folks are, as socialists, interested in the class struggle with a view to getting better conditions, or with a view to self-expression.

Mr. Leiserson's paper reminds me of the saying that one might as well be hung for a traitor as for an arbitrator. We have to face facts as they are in the United States. In this country we are all of us extremely anxious to get into the class we are most severely denouncing, that is, the well-to-do class. The farmers want it; labor wants it; the socialists want it and the communists want it. If the capitalist system, when it is made civilized, is going to give people a better opportunity to become capitalists, they are not going to worry over the class struggle. I remember at the winter meeting of the L. I. D. some young college boy got up and remarked that the farmers were getting wise to the class struggle. I turned to Norman Thomas and said, "Yes, if the farmers could get hold of that boy they would hang him to the nearest tree." I asked someone what the farmers were going to do. He said, "They have a magnificent crop; they will vote for Mr. Hoover."

Of course the labor movement has changed but if, with that change, more men, women and children get better conditions, labor is not going to get enthusiastic over the class struggle. They want better conditions. However, is it not true that under the present system the more efficient method of production you are going to have, the more unemployment you have? That is the price of efficiency. And society must make itself responsible for the men, women and children of families thrown out of profitable farming through no fault of their own.

We have entered a period of imperialism. I don't like that word. I like the expression "American capitalism abroad." And the struggle is going to come not so much between the classes in this country but between the people in backward countries whom Americans are going to exploit with their capital and whom the American farmer and the

American wage-earner will at least passively see exploited, provided they can see a profit in it.

Mr. Robert A. Hoffman: The denial by some of our friends of the existence of a class struggle reminded me of a wet Irish friend of mine who said he wasn't interested in the class struggle—what interested him was the glass struggle.

It has been my privilege for over two years, as the result of successfully passing a competitive examination, to hold a civil service position in the city of Buffalo. During the course of my work, I get into more than one hundred homes every week and have an opportunity to see the so-called working class at close range. Most of them know there is such a thing as a class struggle and are class-conscious but they do not recognize their class-consciousness in those terms. They either have never come in contact with, or are prejudiced against, the groups that preach class divisions and class struggles. Nevertheless they know something is decidedly wrong.

Recently I attended as a delegate a convention that spent two days discussing the various phases of the class struggle and never referred to it by name. That was the annual state convention of the Civil Service Employes Association, which is the "union" of the municipal and state civil service employes of New York State. Despite the fact I am a known socialist I was not only elected a delegate to the convention but was selected as chairman of the Convention Publicity Committee. In this convention there were probably two hundred delegates from New York City, most of them Tammany men, but all of them interested in the class struggle as it affected them, although politically they may deny its existence in New York City campaigns. Every minute of the convention was spent in discussing and legislating on matters affecting their jobs, such as advocating wage increases, increased protection by law against unjust removals, and more certain promotion under the merit system. Solidarity of all civil service employes, organization of the unorganized employes, reports of new local branches were heard—one would

almost think he was attending a convention of a militant labor union.

Professor Leiserson is interested in what would happen under a socialist state if a Burleson happened to secure power. The civil service employes have this very problem to contend with in many places today and successfully meet this challenge. They have taken advantage of the Home Rule Act and have succeeded in many cities in securing the passage of a local law giving civil service employes practically ironclad protection against unjust removals. Three times they have had the State Legislature pass a state law giving them this protection only to be met by a veto from such supposed liberal governors as Hughes, Sulzer and Al Smith—all taking their orders from the spoils-seeking old party politicians. But a similiar bill will be introduced in the next legislature.

As a result of organization and activity civil service employes have their own old age pension law—now they can retire on half pay after thirty years of service providing they are sixty years old. Now they are trying to make the retirement age fifty-five years or thirty years of service regardless of age at that time. They have their vacations with full salary and sick leave with pay up to thirty days at one stretch—all by law. They have the eight hour day and five and one-half day work week.

The group I have been discussing are not socialists but, regardless of names, they recognize that a class struggle exists and they have a record of marked achievement. They have secured for themselves better advantages than most trade unionists enjoy today, while it is true that in most cases their rate of pay is not as high as the better paid union mechanics. This is offset, however, by continuous employment—no seasonal layoffs, no sickness deductions. They are successful fighters in the class war.

Mr. William Karlin: Recently the Central Trades and Labor Council invited me to speak during its radio hour on the air of WMCA. The man in charge, during that period, was an old-line American labor leader, a stereotyper by trade.

He stated that when they hold meetings on Wednesday nights, the majority of the members attending are young people, and when the few old-timers begin to tell them about the great hardships they experienced in building up the union, the young fellows yawn and wonder what the old jiggers are talking about. It is a trade which is well standardized, and the present generation of members have enjoyed high standards so long that they are now taking them for granted, not knowing or caring what the future has in store. The fact is, however, that theoreticians and idealists visualized higher standards for all the trades and it was through their extraordinary sacrifices that those standards were established in at least some of the trades. It was they who laid the path for the forward movement; for the higher standards of wages and better working conditions. They planned the campaign for the realization of the idea of labor's rights. The mere wish of young or old people to get higher wages cannot accomplish the results desired.

From my experience, gathered during over twenty-five years as a worker and adviser in the labor movement, I have no hesitation in stating that in those labor unions where the idealists have been completely eliminated, negotiations between the union and the employer are based upon the mere selfish and narrow interests of the members immediately involved, and in such unions, the wages of a man laying brick at the top of a wall may be raised to $12 or $16 a day while the majority of men who do the great bulk of the work on the same job, receive very low wages by comparison. A condition of that kind cannot long exist without menacing the labor movement as a whole. This is already evident not as a theory but as a condition. The labor leader who is an idealist and understands the fundamental objects of the labor movement is better equipped for the building of permanent labor organizations than one who sees the labor movement from the mere business man's point of view.

Some of our friends around here are afraid that bye and bye, the class struggle in the United States will completely disappear, and they seem to weep about it. If they love

the class struggle, they need not worry on that account. The work of the agitator will not be finished in this country for a long time to come. We have seen, in the last few years, tremendous mergers of scores of large and hundreds of small enterprises, for the purpose of eliminating the middleman as well as reducing the number of clerical and manual workers, superintendents, foremen and so-called employers of labor who were described here as enemies of the working class. The independent dealer finds himself in a deplorable condition due to the rapid growth of the chain stores. The small manufacturing concerns are being worn out by a futile attempt to compete with big business. As the large manufacturing plants and chain stores appear in a community, little by little, the old manufacturers and storekeepers lose their business. Coolidge goes and Smith or Hoover appears, but the sale of small stores and factories by auctioneers goes on forever. The young man who goes into business now finds a condition under which he is compelled to face business destruction or sell out to the chain stores or other merged concerns. So that the small business men of today must become the clerks, porters and bookkeepers for big business of tomorrow. There is no other remedy for this condition than socialism, and that will come as the inevitable result of the clash between capital and labor over the surplus.

Impartial chairmen* and other mild mannered gentlemen try to tell us that the socialist theory is all wrong. Arbitrators receive a false impression of the differences between capital and labor. Of this, too, I am speaking from experience. When I go before an arbitrator, I don't parade the fact that I am a militant socialist. I describe my constituents as very nice, quiet and gentle people who are only seeking modest things as compared with the highly skilled nature of their calling, and that we are only asking for a fair day's pay for a fair day's work. Then the employers' representatives come along and describe the employers as God's own little angel children and they flatter the arbitrator to the ut-

* A reference to Professor Leiserson.

most of their eloquence. But witness, when the fight actually breaks out, when the gentle cloaks are removed from the combatants, when the negotiators and arbitrators fail: The other day I too was in New Bedford and when I enunciated to the thousands of strikers gathered at several meetings at both ends of the city, the principles of the class struggle, the cheers of agreement from the crowd were so noisy that they must have been heard all the way up to Boston.

MR. AXELROD: An ethical leader a while ago was speaking to me about some of the strong arm methods that have been used or that were alleged to have been used in various strikes and insisted that if the employer and worker could come together, they could persuade each other of the morality and the ethical propriety of the workers' viewpoint, of their need for more wages and fewer hours. I stated then and I state now that not only in times of strike but in times of so-called industrial peace a bitter struggle is being waged.

I had an illustration of that last week when I was up in Connellsville, Pennsylvania, which is a mining country. In that particular town there were two concerns that operated two separate large mines. Only about ten days or two weeks ago one mine was closed up. The men were discharged, and the two owners pooled their interests so that they could run the one mine at a greater percentage of profit and eliminate the extra workers. On the surface there appeared to be no fight. The miners were merely discharged. And yet if you go into the homes of those miners and see how they live, and see how the entire beautiful countryside has been made ugly by mean and dirty and drab habitations, you will be compelled to admit that the class struggle is very much in evidence there and that it is a continuous process whether these workers understand the significance of this situation or not. The pitiful sop of stock ownership may delude the worker into forgetting the class struggle. Other ameliorative measures may even persuade him that there is no class struggle. It is indeed very often true that the worker has not the faintest idea that there is anything like this conflict

in his life. His ignorance does not, however, affect the truth of my thesis.

Something has been said about the manager of industry. It is claimed that the owner is not the tyrant, but that the manager, himself really a worker, is the active despot in industry. Well, this appears to me to be mere quibbling. If there were no owner, there would be no manager. If the profit motive did not animate the owner it could not animate the manager. If there were no slavery, there would be no Simon Legree. The manager is the *alter ego* of the boss or owner or corporation, earning his wages in this particular way. He obeys orders or is fired. No one wants to be fired. Jobs of this kind are scarce. The manager as the agent of the owner is engaged in the class struggle against the workers. As a worker himself, he is also engaged in the class struggle against the owner. And in the same way the strike-breaker is in an anomalous position . . . all nevertheless engaged in this mighty class struggle, this tremendous fight that is ever present, ever enduring, ever vital with the lust for power and wealth on the one side and the hope for a finer, saner, fuller life on the other. The fight is here, and it will remain in all its brutal and brutalizing phases until a socialist cooperative commonwealth will eliminate the possibility and the necessity of one man profiting from the labor of another.

Mr. Ross: In dividing Mr. Blanshard's topic into three parts—description, prophecy and methods—I don't see how he proceeds to reconcile his description of the class struggle with his prophecy. In his description he practically said that there was no class struggle. His illustration, for instance, of the pirate ship implied that he felt that the workers could be kept contented by the increasing booty they could obtain under capitalism, but in his prophecy he seemed to have faith that the alignment of forces would lead to a terrible class struggle. How does he reconcile these factors?

Mr. Blanshard: Because it seems to me that those factors are only foot-note conditions and difficulties that we have to encounter. While the description I enumerated brought

out the difficulties in the class struggle, the actual struggle when it takes place, as I discussed in the prophecy, faces certain other facts that seemed to me to more than out-balance those conditions I brought up under description.

MR. SUTTON: Professor Leiserson referred to the fact that the white collar men were so busy with their struggle to make a living that they hadn't gained admission to the Socialist party. The duty of the Socialist party, as we conceive it, is to teach those who are struggling for a living the reason why wages are low and prices high. When a man works for eight hours a day, and with his wages buys goods that cost only four dollars to produce but which sell at a much higher price, he knows there is something wrong somehow and somewhere.

There are two classes of people—those who earn money, wage-earners, and those who make money. For some years I have been trying to be a business man. When you make a business man's acquaintance he will say, "Hello! How are you? Haven't seen you for a long time." And then before long he will say, "Are you making any money?" The wage workers, on the other hand, when they meet each other will say, "Have you got a job?"

There are two classes. One class earns money and doesn't receive all it earns; and the other makes money from the one that earns and doesn't get all it earns.

MR. KRAMARSKY: It seems to me that every worker that reads ten cent pamphlets knows that both the capitalist class and the working class consists of many groups that in certain momentary questions are opposed to each other. Society, however, is mainly divided into two classes: the exploited class and the class that is interested in preserving the present society of private ownership.

It seems to me that in no country in the world is class distinction so sharp as it is in the United States. It is enough to go out to the mines and see the mine workers. It is enough to go out in the textile section and similar industries. The workers in the United States are class-conscious. I have

recently spoken with mine workers, with building workers. I was in Russia in 1916 and 1917 and I am convinced that the mine workers now in the United States are more class-conscious and understand more about class struggle than the workers that I met in 1916 in Moscow.

I would like to ask Professor Leiserson whether, in his opinion, it would be more beneficial to bring out the individual distinctions of each class he has named, or to encourage the smaller groups to sink the differences and to unite under the banner of employing class and employed class?

MR. LEISERSON: I think that is a very good question.

I think if the suggestion were carried out that is made here that this is no time to talk about class struggle, that then you are just going into bankruptcy. If the class struggle is a fact, as I believe it is a fact, although I shouldn't say, "the class struggle" but the "class struggles", if there are these class struggles, then your movement must be based on them. And I say that you must educate your groups as well as you can if you want to build a movement on their particular class interests. Now when I say "educate", I am a pedagogue and education doesn't mean just talking to people. What gets out of you and what gets into other people are two very different things. If you talk to them in phrases about class struggle and so on, it doesn't mean anything to them. You have got to talk to them in terms of the problems of their lives. Now the great difficulty is that we get an idea about a thing like class struggle and then we tend to substitute the idea for the fact. I may try to explain what that means.

When you organize a Socialist party you call it the labor movement, you call it the expression of the class struggle and as a matter of fact that is all theory and the worst kind of theory. Now why? Because everybody who will subscribe to the platform, in other words to the ideas or theories of the class struggle let us say, you will admit to the party. He can be a capitalist, he can be a professor, a lawyer, he can be anything else. On the other hand your working classes are in the Republican party. That is where your labor move-

ment is. The important thing is, if you really believe in the class struggle, not to organize a party on the basis of ideas. You have got to organize a party on the basis of class interest. In that sense, disagreeing with my friend Stolberg, Sam Gompers was the most class-conscious socialist that has appeared in the American labor movement—and this for reasons I have already set forth in my paper. And now for a practical suggestion: The percentage of manual workers is going down and the percentage of salaried employes, clerks, white collar fellows who are actually working and on the job is greatly increasing. In the last thirty years the number of wage-earners doubled in factories and manufacturing industries, that is manual wages, and the number of clerical, white collar people multiplied nine times.

If you are interested in building a program the thing to do is to get the various groups—somebody after the clerical workers, somebody after the unskilled. The original idea of the I. W. W. when Debs founded it was sound. The unskilled laborers haven't been reached. Let's organize them. Now the clerical workers need to be organized. There is no use talking to them about theory and all that sort of thing. It is beyond them. It is too far away. They have got too much of a struggle to make a living. You start with the things that interest them, their immediate struggles in their places of employment. And the problems in an office for clerical workers are different from the problems of an unskilled manual wage-earner and altogether different from the problems of a skilled mechanic. You organize them and then if your theory is right they will develop in their minds socialistic ideas. That was Hardie's idea and when he left the Social-Democratic Federation in England and organized the Independent Labor party, anyone who was a laborer whether he subscribed to the Socialist party or not, could go into it. Gompers said, let's not have a Socialist party, but let's have this thing all of you make fun of, "Reward our friends and punish our enemies", when he said that he was acting directly according to the class theory. That is to say, we don't care whether it is the republicans or the democrats or what you call them, if they are furthering the interest of our class.

Although he talked about the labor class he meant the skilled mechanics. We will support them and we don't care what they call themselves whether they call themselves the Civic Federation, or republicans or democrats.

It seems to me that you have a labor movement when you get labor people organized according to their class interest, emphasizing their immediate points of interest, wages, hours, control over shop conditions and those things. When they are organized that way, the other problems will come up. The most revolutionary union in this country that appeared was the most conservative of all unions, the Locomotive Engineers. Why? Because once they got organized practically 100 percent and improved conditions, then they found they couldn't make any further progress unless they abolished profit in the railroad industry. And then they jumped at the Plumb Plan. That plan may not have been a good one or it may have been. That isn't the important thing. They were ready to start on the most radical practical program that ever was put up and they the most conservative of unions. And therefore you go after each group to organize them regardless of whether you call them socialists or communists or anything else. Then out of that will grow a labor movement and a political expression is bound to develop.

If, on the other hand, you turn it around and first work out ideas which are bound to be wrong—because any theoretical ideas can't take all the facts into consideration—then you will get a bunch of people, a mixed crowd that does away with all your theories of class interest and you will get lawyers and professors and all these people that like to talk about these things. And instead of getting a labor movement, you get merely a sort of discussion arrangement that is interesting and educational in effect but which doesn't make any progress toward the socialist commonwealth of which you speak.*

* Note: Since some important points in Dr. Leiserson's able paper were more fully developed in writing than in speech at the conference and were for that and other reasons not dealt with in the discussion, the editors take the liberty of adding a word of comment:

(1) Dr. Leiserson prophesies the continuance of the class struggle

DR. RUBINOW: May I take the privilege of frankly stating that I am a little bit more confused than I was before hearing the discussion about the class struggle. A good deal of what was stated was probably true but not very profound, and some of it was very profound, but I doubt whether it was true.

First I think it is extremely interesting for this audience consisting of socialists, those who want to be socialists, those who want to study socialism and class problems, to be told so bluntly that no other socialist or communist except the person speaking really understood the class struggle theory "as laid down by Karl Marx." I am extremely interested in the phrase in which it was put, the class struggle not "as *discovered* by Karl Marx," but "as *laid down* by Karl Marx."

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under socialism, should socialism come, on the ground that there would still be conflicts between workers and managers. Such conflicts, the editors feel, would, however, be so different from the present day class struggle as to constitute a difference in kind. The manager under private ownership is a representative of the owners, who consist of stockholders animated by the ideal of profit. His retention, promotion or dismissal depends on his ability to make profit for the owners. Usually when the manager takes a position against higher wages or fewer hours, he takes it not as an independent factor in industry, but as an agent of absentee owners. The struggle between him and the workers is, therefore, usually a struggle between the workers and the owners and as industry is organized on a profit basis, the manager is likely to contend for those conditions which augment the profits of his principals, while the workers contend for conditions which promise to improve their living standards. In many instances, his retainership is irksome to the manager, who, as Professor Thorstein Veblen brings out in *Engineers and the Price System*, is often sabotaged by the financiers in his efforts to do a good piece of work from an administrative and human point of view. In some instances managers may have a comparatively free hand as against owners. This is not usually the case, particularly where profits are interfered with.

Under a democratic cooperative system, managers would occupy a different position. The boards of control would probably be composed of representatives of the community as consumers, of the workers and technicians. The owners of the principal industries would be the community or voluntary cooperative groups. The class of people who lived by owning rather than by producing would be for the most part a thing of the past. The object of industry would be maximum human welfare, not private profit. The whole attitude toward labor of the

Let me remind you that you don't lay down scientific laws though you may lay down rules of action.

We heard a great many discussions of the class struggle. We were told with great profundity that there are strikes. One would assume we didn't know there were strikes in this country. Now if every strike is a class struggle, there is of course plenty of class struggle here. But, on the other hand, we don't seems to have any class struggle. Evidently every strike is not necessarily a class struggle. I think we ought to draw a distinction between various group struggles and a class struggle. Every working man may struggle, but if he has not that sense of class solidarity, his struggle may or may not be an expression of class struggle. Is the class struggle a law laid down or is it a historic factor?

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then owners of industry—the community—, would be entirely different from the attitude of private owners, for the community of citizens, while consumers, would also be members of the producing class. A manager, therefore, as a representative of such owners, would bear a far different relationship to labor than does the present manager. Nor would the stakes involved in a dispute between salaried managers and workers under socialism be anything like as great as those now involved in the struggle between present day workers and owners. There would be differences, it is true, differences that may warrant the continuance of labor unions in enterprises owned publicly or by cooperatives. But these differences would not give rise to a "class struggle" in the Marxian sense.

Nor is the struggle now observed in state industries proof of the continuance of this struggle under socialism. For under public ownership as at present administered many of those placed in charge are men who have spent their previous lives in private industry as capitalists, or men who are members of a government possessing the "capitalist psychology." Further there is little attempt in present day public industry to democratize management, and to give adequate representation to workers, technicians and working class consumers on boards of control.

(2) In emphasizing the difficulty of achieving working class solidarity, Dr. Leiserson should not overlook the fact that in many countries abroad such solidarity is now being developed on a large scale despite the existence of differences between craft groups and that the policy of Mr. Gompers in cultivating primarily craft solidarity has not been entirely successful in developing the American labor movement during the last few years or in solving the social problem. The Editors.

CHAPTER XIII

SOCIALIST VIEW OF PROGRESS UNDER CAPITALISM

THE PROS AND CONS OF CAPITALIST PROGRESS

By Dr. I. M. Rubinow

LIKE socialism, capitalism has many connotations. It is a theory of social evolution. It is a form of organization. It often is almost a form of religious belief. But essentially, when we practical fellows get together, we want to judge the modern state of society primarily as a form of economic co-existence and cooperation. Fundamentally, the capitalist form of society is engaged in the production of material goods, the ultimate purpose of which production is the satisfaction of human wants. Of all the specific indictments of the capitalist system, you will remember that the doctrine of increasing misery the *Verelendungstheorie;* was most discussed, was most used perhaps in socialist propaganda, naturally, because it represented the most effective human appeal and not because it was the easiest to prove scientifically. What is our appraisal of our state of society at present from that point of view, from the points of view of capitalism's power of meeting economic needs of humanity?

I do not intend to bore you with statistical figures. I shall have to assume that the essential facts as to economic development in this country are as familiar to you as they are to me and if they are not, for the price of one dollar and with a reasonable expenditure of time, you can obtain those facts from the latest Statistical Abstract of the United States. I fully recognize how overdone was the cry of prosperity by professional Pollyannas—most of them occupying professorial

chairs in our largest universities. One needs no stronger illustration of that than the speeches at the Republican convention.

But facts are facts. Capitalism in America within the last twenty-five or even the last fifteen years has demonstrated an enormous, almost unlimited power to increase production, to stimulate consumption without which obviously the increased production could not have proceeded, to reduce manufacturing costs. I am not unmindful of the brilliant criticisms made by Mr. Chase as to the enormous wastes that still may be found in the capitalist system of production and distribution. It is a virtue to be able to hitch one's wagon to the stars. The ideals must necessarily be far ahead of the actual conditions. But there is nothing essential in the modern system of production to make further elimination or waste impossible. In fact, I suspect that the modern captain of industry is going to profit by Mr. Chase's brilliant analysis and suggestions long before the Socialist party will. A very serious economic problem of the rising cost of distribution due to excessive competition, high power salesmanship and artificial stimulation of the consumer—all made necessary by modern mass production—this serious problem confronts American industry and commerce, but its gradual solution without any radical changes in economic organization is not at all impossible.

There has been, as a result of the latest capitalist phase, a substantial rise in the prevailing standards of living which are far too general to be explained by the luxurious habits of the few. All this capitalism has accomplished. All this is evidence of a possibility of a certain kind of progress under modern economic relationships. And while it is true that these things have happened primarily in America, nevertheless, they must be accepted by the unbiased student as conclusive evidence that those things are possible anywhere where modern American form of capitalism can be introduced. Moreover, it is no secret that the American phase of capitalism is serving as an example, for all the other capitalist countries

have already followed and are sure to follow to a much greater extent in the immediate future.

Some fifteen years ago, I happened to make a very careful study of wage movements in this country for the twenty year period—1890 to 1910. There was no increase in real wages or the purchasing value of money wages for that period. For the particular period covered, the conclusions were generally accepted by American economics. They were significant at the time, but equally significant are the later investigations indicating the increase to some thirty percent within the last decade or so. The increase is significant as an explanation of our growing internal market to absorb our mass production. It is significant as an explanation of our twenty-five million cars.

CAPITALISM HAS NOT ELIMINATED DESTITUTION

Modern American capitalism has not been so successful in the field of elimination of destitution. Your symposium last year at this place gave an impressive, though I fear a somewhat exaggerated picture of the obverse side of American prosperity. Something has been accomplished through our various health policies, through compensation laws, through mothers' pension legislation. Much more remains to be accomplished. As a social worker, I am the last man to deny the appalling dimensions of human want and destitution that are still relieved very ineffectively, if relieved at all, through channels of private philanthropy. Why we are still so slow in adopting well established and well tried out methods of social insurance and social legislation as compared with less progressive Europe, is a complicated question which I have not time to go into at this moment. But, obviously, there is no logical difficulty about the application of old age pensions or unemployment insurance in America as well as in England or Czecho-Slovakia.

In view of these facts, one is of course forced to abandon the fear of increasing misery. One must abandon it both as a logical necessity arising out of the internal contradictions

of the capitalist method of production and as a historic fact. Whatever the tendencies of raw capitalism in the beginning of the eighteenth century in England may have been, we see quite a different tendency at present. Under the capitalist system of production, the organized state can, if it wants to, introduce broad measures for elimination of destitution. It does do that in many countries. If it hasn't done so in this country to the same extent, capitalism has developed a system of voluntary philanthropy and social service aiming at the same ends. Whether our American substitute for social legislation is aesthetically a desirable one, is another question. The fact is that capitalism has proved its ability to eliminate utter destitution as well as to increase the general standard of living. Of course, the argument may be made that, in so far as this has been accomplished through social legislation or through voluntary cooperation, in so far as it has been frequently, though not always, accomplished because of socialist propaganda, because of the demands of a consolidated working class, these achievements stand rather as evidences of possibilities of socialization rather than capitalism. Isolated cases of socialization may have contradicted the economic philosophy of early capitalism of one hundred years ago. They do not contradict modern American capitalism even if some abstruse extremists of the capitalist group still insist upon loudly proclaiming the *laissez faire* principle of Herbert Spencer.

We are not discussing the abstract principle of capitalism as we are forced to discuss the abstract principle of socialism for we must consider capitalism as an actual reality, as a system which works—a profit system, a system of private ownership which has shown its ability to adjust itself to new demands, to new viewpoints, and still survive. Furthermore, if we want to remain objective, we must agree that there is no certainty of automatic abolition of destitution even under a changed economic system. Whether you do believe in the Russian system or not, whether you would glory in the title of communist or resent it, the world after all is justified in considering the Russian economic system as an application of

socialist principle. And without going at this time into a critical analysis of that system, this much must be granted—it has not demonstrated itself as an easy method of curing the so-called ills of capitalism, or of an increasing production, eliminating waste, preventing inefficiency, and reducing the amount of destitution due to unemployment or other conditions of maladjustment.

Thus, to put it bluntly, if we were to persist that the abolition of human want, abolition of economic destitution and improvement of conditions of production and distribution, is our main objective in advocating a substitution of collective ownership for private capital, we have not as yet made a practical case but only a theoretical one. We cannot insist with conviction that the cooperative commonwealth is a necessity as the only way of achieving those ends, nor can we argue with a great deal of conviction that those conditions will necessarily follow.

ETHICAL WANTS UNSATISFIED

But, after all, man does not live by bread alone. No one has more convincingly demonstrated this than the very group which persists in advocating the economic materialism theory, while demonstrating, through its very ardor in advocacy of a new social order, the value of an ideal as a motive force. Man does not live by bread alone. If we were anxious to obtain a synthesis of Marxism, Freudism and other systems of modern psychology into one philosophy of life, one might be tempted to say that the three great motivations in man's life are—bread, sex and power. By what psychological process, social and ethical ideals grow out of these three decisively selfish motives, remains a difficult question. But the existence of some sort of social ideals has been a significant aspect of all civilized life. It may become more and more difficult as time goes on to criticize our social organization based upon sordid motives of profit, of gain, of power from an economic point of view. It is much less difficult to do so when any ideal standard is applied. It was some 150 years ago, about

the time when the industrial revolution was taking place, when the machine era had begun, that the famous formula was coined expressing the social idea of the time—the formula of liberty, equality and fraternity. I know it is almost difficult to abstain from smiling when the formula is quoted now. It is almost as much out of date as are hoop skirts. It sounds dreadfully sentimental. And yet at the time it did express the social ideal as distinct from a purely economic one. Not only did it express the ideal but also a faith that economic freedom, meaning capitalism such as was known at the time, would of itself realize these three great ideals. But just as the economic achievements of the last 150 years are undisputed, just as they far exceed any possible hopes as to productive capacities, as to development of consuming power, just so clear does it appear, on the other hand, that in the realization of these three great principles there was little progress, if progress be conceived in terms of improvement, in terms of approach to the ideal; that, in fact, in one of these three concepts, we are perhaps a little further away from the ideal than we were 150 years ago.

LACK OF FREEDOM

Obviously, time would not permit me to go into a detailed analysis of the enormous vistas opened when this formula is mentioned. Of necessity, I must be brief and sketchy. Not much progress evidently has been made in the field of liberty, of individual freedom. Even the ideal is becoming considerably tarnished. In completing the vicious circle, the extreme radical arrives at the point where he is ready to announce that liberty is only a bourgeois prejudice. It is true that the growing implications in the conditions of social co-existence has made necessary many abridgments for the purpose of preservation of economic privilege in some countries, just as much as for the purpose of enforcement of a specific theory or ideal in other countries.

Now, abridgments of liberty do definitely affect the mainsprings of human action. They always represent a social as

well as an individual loss, which must be proved to be necessary in order to be justified. In so far as capitalism has strengthened the existence of prevailing groups, in so far as it has established a definite strong motive towards the abridgment of liberty for the production of such privileges, it has not yet found an automatic answer to the question whether capitalism or liberty may not necessarily be antagonistic.

LACK OF BROTHERHOOD

Even worse is capitalism's record as a vehicle for achieving the ideal of fraternity. Our Christian ethics has become a sham and a delusion. Since human nature cannot be so readily modified, there are sufficient manifestations of goodwill, to be sure, but primarily an absence of definite positions to be defended. Side by side with economic and technical achievements, there appears a continuous stream of increased group antagonisms, class antagonisms, racial antagonisms, national antagonisms. Our economic and technical progress has given us more and more effective ways of carrying these antagonisms into effect.

As a result, the world stands face to face with the problem of whether it may not destroy itself in future world wars if these antagonisms continue to grow and the deadly machinery continues to becomes deadlier and deadlier. Surely, the record of the modern social organization is not good as far as achieving this ideal is concerned.

LACK OF EQUALITY

There remains the third ideal of equality. I believe objective social thought would still be willing to admit that we want liberty and want fraternity, that we want tolerance and goodwill. Do we want equality as well and to the same extent? I am not unmindful of the fact that it was equality or elimination of privilege that appeared to be more at the basis of the Russian upheaval than prosperity. Sometimes, I feel that it proved to be just as difficult of achievement.

Unfortunately, I have not yet had the privilege of making a careful study of the will and testament of G. B. Shaw, in which I understand the principle of equality is emphasized as the fundamental principle of socialist philosophy.

Modern psychology, having completely rejected the doctrine that "all men are born equal," may also question the sincerity of the demand for equality, except as a protest against the achievements of an outstanding personality. Modern psychology at least raises the suspicion that the demand for equality is an expression of individual or group jealousies, which will manifest itself not only in a protest against inequality of material goods but inequality in influence, power and even achievement. In fact, it is but an ordinary observation of human reactions that jealousies of achievement are much deeper and much more bitter than jealousies aroused by mere possession. From the point of view of social results, perhaps the ideals of liberty and fraternity may become very much more important than the ideal of simple equality.

In fact, there is enough accumulated scientific or quasi-scientific opinion among the followers of the biologic school of sociology that equality as such may become a force of destruction or at least stagnation rather than progress. Your Nietzchean is fearful of the obstacles placed in the way of the superman. The eugenist insists that the human race can improve only by special cultivation of most favorable variations. Your crude Darwinian shudders at the dangers which may come from the abolition of the process of natural selection.

In the recent struggle between evolutionists and fundamentalists, one could not find any line of demarcation between capitalists in the camp of evolution and socialists in the camp of fundamentalism. Marxism has frequently been described as only an application of the theory of evolution to social life. How then can the socialist theory advocate equality? Isn't there an internal contradiction?

For myself, I am a pragmatist. I refuse to worry seriously about the future of the human race as a biologic species.

When paleontologists are fighting among themselves as to whether the human race is only one million or six million years old, I feel somewhat relieved about the possibilities of either further biologic progress or degeneration within the life of my descendants until the seventh generation. Beyond that, deponent sayeth not nor does he care.

There is a tremendous social significance to the problem of equality, particularly the problem of inequality in material possession, especially glaring inequality of material possessions which cannot be justified as reward for performance. For instance, our national psychology does not object to the extravagant rewards paid to Tunney or Gloria Swanson or Colonel Lindbergh or even Gertrude Ederle. You and I may question the wisdom of selection. You may think those extravagant rewards might much better have gone to Erlich or Cola or Osler or even perhaps our own dear Eugene. That is immaterial. The importance of the psychological fact is that there is no social revulsion, either individually or *en masse*, against remuneration for performance, for service, for value, be it only such as the crude popular mind can appreciate. Remember, not only bourgeois America but even communist Russia can grow hysterical with admiration for Fairbanks.

But observe what psychologic effects are produced by the facts of inequality—inequality of possession, of opportunity, of privilege in enjoying the sweetness of life when not based upon any performance. The moralist, the ascetic, the purely intellectual may dismiss with contempt all the life's values that mere possession creates, but the popular mind cannot. Whenever you observe excess in group struggles, the psychologist may point at purely individual motives, often subconscious, resulting from embittered consideration of such inequalities. All the sermons in all the churches, cathedrals, temples, synagogues and mosques on all the Fridays, Saturdays and Sundays, cannot overcome this bitterness of experience and the resulting destructive influences in human relationships. Yet this economic inequality lies at the very basis of our economic system, not logically but histori-

cally. And all the diffusion of wealth has not succeeded in preventing the further sharpening of social contrasts. That must be charged to the obverse side of the present economic system.

A BALANCED VIEW

Supposing then we try to strike a balance. An objective observer of progress under capitalism, at least in its highest forms, which it has achieved in our country and our day, must admit that the economic potentialities are much stronger, that economically capitalism has much more vitality than we had been led to expect. Our economic criticism may become weaker and much more strained and for that very reason find comparatively little response in the popular mind. It is, of course a matter of very great significance that socialist propaganda, based upon such exclusively economic criticism, succeeds least where industrial capitalism is developed most. Though our determinist philosophy in the past has led us to believe exactly the opposite, capitalism may point with pride to many things already achieved and much more that can be achieved in the future on the economic side.

How much stronger is the case against modern industrial system on the ethical side! How much more obvious the failure in realization of ethical values! Mustn't one learn not to sneer when ethical values are mentioned? It isn't a question of religion, it isn't a question of arbitrary moralizing. It is a matter of true appreciation of the psychologic forces which motivate our wishes, our activities, our hopes and desires, our social and personal ideals.

VITALITY OF THE ETHICAL APPEAL AND THE SOCIALIST MOVEMENT

Can the socialist movement retain its vitality, grow and develop on a basis of such ethical valuation of the past, and appraisal of the possibilities of the future? Surely, one finds little of this line of reasoning in the socialist upheaval in Russia or anywhere else in Europe. But isn't it obvious that

neither Russia nor post-war Europe could be used as illustrations of the constructive capacities of the so-called capitalist régime? Isn't, after all, the persistent failure of economic propaganda to make a dent in the mass psychology of the American people just as significant as the greater success in eastern Europe?

And finally, what will be the result of such shifting of our own position? What, under the circumstances, will become of our platform and our program? Frankly, I do not know. Surely, not if we apply any exacting requirements to the process of knowing. I may surmise. Like everybody else, I have no emotional reaction to the processes and methods of group conflicts. If capitalism, at least efficient capitalism, has within it the capacity of meeting the elementary economic needs, if my chief criticism of the existing order arises out of ethical or hedonistic considerations, if you wish, if the main scientific lesson—the modern system—has taught me how deeply unhappy humanity may be in face of what the elemental creature wants satisfied, then this attitude of mine must necessarily dampen much of my enthusiasm for revolutionary acts of a certain kind. I can't honestly celebrate the anniversary of the October revolution without asking myself very specific questions as to what its contribution was to the happiness of the Russian people. When achievements of the revolution are enumerated, I have a right to ask whether the same results might not have been bought at a cheaper price. I can't rejoice in the revolution as such, in the social change as such, in the new system as such, irrespective of such facts as a reduction in the standard of living or increased unemployment, but even over and above those material considerations, I must evaluate a social change in terms of ethical as well as material considerations.

Has the change brought us or does the change promise to bring us a little nearer to those ideals, those dreams humanity has been cherishing throughout generations which, perhaps crudely, are expressed in the triad of equality, liberty and fraternity? Surely, gross restrictions of individual and group liberty, gross exaggerations of group enmities which show

no sign of abating, are a very heavy price to pay for the principle of equality, and particularly so when the price has been paid and the goods have not been delivered. It would seem to require a great deal of credulity to accept the assertions not only of the arbiters of Russia's fate, but of the numerous sympathetic observers, that Russia is happy and satisfied with its new régime and find any justification for the restrictions of liberty and the stimulation of group and national enmities. And if the defence is that Russia is still in a state of revolution, that revolutions can't be bought at a cheaper price, may not a reasonable nation consider carefully whether the purchase is a wise one?

Revolutions have happened in the past, they may continue to happen in the future. So do earthquakes and floods and volcano eruptions. But we do not make floods or earthquakes, and we do make revolutions. The philosopher of history may smile at that, but at least there is that difference. At least, we think that we make revolutions. We plan, we advocate, we discuss them. There isn't the same conscious accompaniment to natural catastrophes. So long as we are sentimental human beings, the difference in reaction must proceed. We cannot, no matter how hard we try, rid ourselves of an ethical appraisal of planned and social changes. To use a hackneyed phrase, we have got to take human nature into consideration, because social values are meaningless unless they are human values. There are no intrinsic advantages or disadvantages in social structures, except they be measured in terms of human happiness and development.

Economic changes are important, of course, in their direct impact upon a human life but much more so in what they may be expected to accomplish in influencing human relationships. If we prevent the capacity of the modern economic order from further development of productive powers, for greater satisfaction of material wants, for better efficiency in eliminating economic distress, for shortening the burden of productive process, for greater leisure with its accompanying possibilities of greater mass education both intellectual and aesthetic, then it seems to me the approach of the radical pro-

gressive to his own duty as a participant in social progress must be strongly influenced by this changed view as to progress under capitalism. Perhaps the day may come when we will realize that we may become somewhat less radical for the purpose of becoming more progressive.

THE SOCIALIST THEORY OF INDUSTRIAL CRISES—A CRITICISM

By N. I. Stone

The socialist explanation of industrial depressions is based on the theory of surplus-value, according to which the workman receives but a part of his product in the form of wages, the remainder going to the capitalist. While no definite proportion is indicated, the statements current in socialist discussions are to the effect that the workman's part is from one-fifth to one-half of the total product.

As the capitalists are but a handful and can eat but three meals a day, they cannot buy back the accumulated products in spite of all their extravagant expenditures on luxuries, automobiles, yachts, etc. Hence the unsold products accumulate from year to year until there is such a glut in the market, that the wheels of industry are forced to stop and workmen are thrown out of employment, thereby aggravating still further the acute situation.

Prior to 1900, it was confidently predicted by Marx, Engels and other socialist leaders, that these industrial crises would be getting more and more severe until the capitalistic system would collapse from its inability to master the forces it has called forth, choking on the wealth it could not assimilate. The exact date for the collapse of the capitalist system and the inauguration of the socialist commonwealth was predicted time and again by Marx and Engels only to be deferred to a later date when the forecast failed to materialize.

With the increasing prosperity in all capitalistic countries except for the temporary relapse caused by the war; with the tremendous expansion of capitalism in all capitalistic countries and its extension to backward lands, we hear less and less of the impending collapse of the capitalistic system; but the old theory of the inevitability of industrial crises, because of the inability of the working class to buy back what it produces, still persists.

SOCIALIST THEORY OVERLOOKS VITAL FACTS

This theory is based on an altogether too simplified a conception of the nature of the capitalistic system and its component elements. Quite in contrast with Marx's conception of society—whether capitalistic or any other—as being in a constant state of evolution, it assumes practically a static condition in the capitalistic system and that the only way in which the capitalist can spend his surplus income is on food and luxuries.

It overlooks a large number of ways in which the capitalist can dispose of his surplus income and thereby also give employment to labor. It also overlooks the fact that not only is the capitalistic system in a state of evolution and *growth*, as all other preceding forms of society had been, but that its growth goes on at a most rapid pace and on a scale completely eclipsing all that has ever taken place before. We accumulate more wealth in a year than was formerly done in decades. We create new industries almost over night and we rapidly expand the scope of existing industries by the process of constant improvement and reduction in cost, which brings within the reach of the great masses, articles that were regarded as luxuries but yesterday. Need I cite the automobile, the motor-cycle, the radio, the telephone, the aeroplane, all things created in our life-time and absorbing billions of dollars in capital and giving employment to an army of workers earning hundreds of millions of dollars annually in wages?

The automobile industry alone is responsible for an out-

put of about five billion dollars annually and for a wage bill of some seven hundred and fifty million dollars. It represents an investment of capital which runs into billions of dollars. It has caused the expenditure of hundreds of millions of dollars by the Federal, State and local governments on good roads, which in turn has given employment to many thousands of workers.

For the last five years we have been putting up new homes and buildings of all kinds at an annual expenditure of some five billion dollars. The increase of population alone requires constant expansion of existing factories and plants. The wear and tear of machinery and buildings calls for constant replacement which amounts for corporations alone (disregarding plants owned by individuals and partnerships) to over three billion dollars annually. Our restless endeavor to keep costs down under the spur of competition keeps the inventive genius busy turning out new improvements and inventions and thousands of brilliant and eager scientists working night and day in richly endowed and magnificently equipped laboratories make revolutionary discoveries which make existing plants obsolete over night and require the investment of hundreds of millions of dollars yearly for new plants and new equipment. Where do the billions of dollars necessary to finance these developments come from?

WHERE THE ELEVEN BILLION OF CORPORATION GAINS GO

Disregarding the income of individuals and taking only the statistics of corporations which are required to report their income to the U. S. Income Tax Bureau, we find that in 1924 the combined net income of corporations in the United States amounted to $7,473,000,000. Of this amount nearly one-half, or $3,437,000,000, was paid out in dividends, and the balance retained in the treasuries of the corporations as surplus. The interest payments on money borrowed by these corporations amounted to $3,444,000,000. The total surplus value—to use the Marxian terminology—of these corporations amounted, therefore, to the sum of the

first and third items or nearly eleven billion dollars. These figures were obtained after deducting $3,168,000,000 for depreciation, amortization and depletion. In other words, over three billion dollars of the gross income, which is left after paying the workers' wages and the cost of raw materials, went to replace worn out and obsolete machinery and buildings in existing plants, thereby creating this additional demand for labor.

What became of the nearly eleven billion dollars gained by the corporations and their stockholders and bondholders? Outside of the comparatively small part which went to pay for the necessities, comforts and luxuries of these people, the bulk of this newly created wealth went to supply the new requirements of industry to which I referred before. A glance at the financial statistics will make this clear. The new capital issues floated in the money market in 1926 in the form of stocks and bonds for new corporations or to supply new requirements of existing corporations amounted to $4,357,000,000. New loans for states and municipalities which are used very largely for wages and materials in providing public works, school buildings, sewers, roads, water works, etc., amounted to $1,330,000,000. Add to this some $3,000,000,000, retained in the treasuries of the corporations and used partly for expansion of existing plants and you have accounted for the bulk of the "surplus value" derived by our corporations from their operations. The great bulk of that money was used either in payment of wages or for the purchase of raw materials, the producers of which in turn pay wages to their employes. This major expenditure which is constantly going on and which constitutes a sort of balance wheel in the operation of the capitalistic system is completely lost sight of in the socialist analysis of industrial crises.

Without having the time for the discussion of the causes of industrial depressions, I wish to make the emphatic statement that the virtual elimination of industrial depressions under the capitalistic system is entirely feasible whenever Congress and our state and local governments are ready to adopt a constructive program for the control of our expendi-

tures for public works, as has been advocated for years by the American Association for Labor Legislation and by several economists, notably in the recent work by Foster and Catchings.

Under a socialist system the worker would not inherit the present "surplus value" of the capitalist, the belief of our orthodox socialists to the contrary notwithstanding. The bulk of the "surplus value" derived by the capitalist class goes to supply the needs of our growing and expanding industry, Under socialism the state would have to appropriate the same amount of capital to provide for the needs of a growing industry if it wanted to prevent stagnation and decay. If, therefore, the withholding of the surplus value from the worker were the cause of industrial crises, the socialist system would be no more free from them than the capitalist system. Fortunately that is not the case.

MARXISM VS. THE NEW ECONOMICS

Marx did a splendid piece of work as a sample of deductive reasoning from assumed premises. The collapse of his system is no reflection on Marx's reasoning power—for he was one of the outstanding intellectual giants of his day and generation—rather is it a convincing proof of the falsity of his premises, premises which Marx in part inherited from the Smith-Ricardo school and in part were dictated by his revolutionary bias. For, in spite of all the claims to scientific value of Marxian socialism, and his solid achievements in the field of economics, the aggressive polemic style of Marx's writings in his most scientific works, his whole life and interests, make him stand out as the champion of a preconceived socialist ideal, and as the revolutionary leader of the working class against the ruling powers—a role which inspired his interest in economics and caused the conscious bias which permeated his work as an economist and dictated his conclusions.

Marx has been dead forty-five years. Economics in common with other sciences has not stood still since then. It has made real strides forward, particularly in the field which en-

ables it to forecast the trend of coming events. Its forecasts as yet lack the precision of astronomy, they are still in the stage which resembles the weather forecast of the meteorologists. Yet they are close enough to warrant practically every large business enterprise, whether in banking, commerce or industry, to pay hundreds of dollars a year in subscription fees for these forecasting services.

The progress thus being made is due to the efforts of some brilliant economists, notably a group of Harvard professors who do not base their calculations on Marxian premises but proceed on the well tried methods of other exact sciences, based on inductive reasoning supported by study, observation and measurement of actual facts. Is it not pertinent to ask why the Marxian school of thought has produced not a single first-rate contribution to the science of economics in the nearly half century since the passing of its master? Or why no attempt has been made at least to fill the numerous gaps in the all too fragmentary material which fills the third volume of Marx's *Capital* which his preoccupation with the socialist movement prevented him from completing in the sixteen years between the publication of the first volume of *Capital* and his death. Can it be said that the Marxian school lacks brains? Or is not the inference warranted that the theory bequeathed by the master was too sterile to bear fruit?

MARXIAN PHILOSOPHY AND MARXIAN ECONOMICS

I believe Marx's claim to scientific fame will rest largely on his profound contribution to thought in the fields of philosophy and history through his economic (or as he calls it, materialistic) interpretation of history, which I believe has done for history what Darwin's *Origin of Species*, curiously published the same year, has done for natural science. But just as Darwin's followers have not hesitated radically to modify his conclusions in the light of newly-won knowledge without in the least dimming his fame as the discoverer of the great secret of evolution, so should a Marxian's loyalty

not stand in the way of sincere criticism of Marx's teachings if they are warranted by newly discovered facts.

After all, we must not forget that it is eighty years since Marx first formulated his economic views in the *Communist Manifesto*, views which he later elaborated in 1867 in his *Capital*, which is thus more than sixty years old. All sciences, even those dealing with nature, whose changes are counted on a scale of millions of years, are undergoing constant and most striking changes. In view of this, can it be that the science of economics, dealing with human relations which have changed as much in the last fifty years, as it would have taken thousands of years to accomplish in the past, must remain unchanged and be passed on to our grandchildren in all the pristine purity of a theological work handed down by a prophet? Does not such an attitude militate against the spirit of Marx, the philosopher, while it clings to the letter of Marx, the economist?

MARX'S LAW OF CAPITALIST DEVELOPMENT—AN EXPLANATION AND DEFENCE

By Algernon Lee

What do we Marxian socialists understand by the phrase, the development of capitalism? Well, we think of economic and other social changes as constituting an historical process —a complex and many-sided but yet an integral process— which is susceptible of scientific study, whereby its future course may be in large measure foreseen. Eighty years ago, in the *Communist Manifesto*, Marx and Engels boldly ventured such a prediction. If I may repeat here a few words which I have used on another occasion, "they wrote not only as party leaders and agitators, but also as historians—and as historians not of the past only, but of the future as well; through whole pages of the first section they give in the present tense a vivid account of historical processes which,

even in England, the first home of capitalism, had at that time hardly more than well begun; three-quarters of a century later we can find some error in the details of their prediction, but in its essentials it has been or is being fulfilled."

HAVE MARX'S PREDICTIONS COME TRUE?

Is this claiming too much? That forecast embodied in the *Communist Manifesto* and in various other works down to Engels' *Socialism, Utopian and Scientific,* which was published in 1880—has it been confirmed by the development of capitalism? Let me first briefly state the main features of that development as Marx and Engels foresaw it.

First, there is the accumulation of capital—its increase in volume, which proceeds much more rapidly than did the increase of the forms of wealth characteristic of previous economic systems. There is the expansion of capitalism—the triumph of this special mode of production and appropriation above all others, in country after country and in one department of economic life after another within each country. As one phase of this, there is the proletarization of labor—the transformation of self-employing artisans, farmers, and even professional men, in ever larger numbers, into wage-workers. There is the growth of fixed capital, as compared with that portion which is used for carrying the payroll, in consequence of which an ever larger amount of capital is required to employ profitably a given number of workers. There is the concentration of capital, which includes on the one hand the growth of large enterprises at the expense of small ones, and on the other hand the passing into ever fewer hands of the ownership of a large part and the effective control of far the larger part of the total capital; this involves a decrease, usually in the relative numbers, and at any rate in the economic independence and social power, of the petty capitalist and shopkeeper classes. Closely connected with this is the increasing domination of finance capital—or, if you like, of financial capitalists, as distinguished from "captains of industry" and "merchant princes." There is the integration

of capitalism—under which head is to be considered the reaching out of industrial concerns to annex the enterprises from which they draw materials and supplies and those which elaborate or market their products; and also the growing practise of diversified investment by individuals, by financial houses, and by industrial corporations which carry large reserves. There is the growth of salaried management, which ever more completely divorces ownership from technical service and labor of superintendence, as the use of machinery has already divorced it from manual and mechanical labor, so that the capitalist more and more sheds his working clothes and therewith his disguise as a collaborator in the productive process, and appears in his essential nature as an appropriator of surplus-value.

In so far as concerns these tendencies, I suppose it will hardly be denied that experience has verified the Marxian prediction. Some of them have not gone forward as rapidly as we once expected. The capitalization of agriculture is the outstanding example. Yet even on this field the capitalist mode of production has made enormous inroads, partly through the growth of the capitalist farm, but more largely by taking processes away from the farm and incorporating them into the industrial system. Again, some of these tendencies have sometimes been checked or even reversed for a little while in one country or another. For example, in this country for several years after 1915, we had a perceptible revival of small enterprise. But the "return to normalcy," as President Harding called it, got under way by 1921, and now concentration is once more going on at no less than prewar speed, notably in what have been strongholds of small production, such as the baking industry, the dairy products industry, the men's clothing industry, the amusement business, and above all in the field of retail trade.

THE THEORY OF CRISES

There is more room for dispute over certain other aspects of the Marxian forecast; namely, the theory of periodic crises,

the somewhat broader question of overproduction and disemployment, the predicted general decline of real wages, and the so-called theory of increasing misery.

Some of our friends talk as if economic crises were definitely a thing of the past. I am not so sure. We should try to keep our sense of historical perspective. The experience of ten or twelve years, especially when that period includes so huge an exceptional event as the World War, is hardly a safe ground for rejecting a theory which admittedly corresponded with the facts of a whole century before that time. We are told that there has been no "crisis of plethora" since the war. Maybe not, though 1920-21 looked suspiciously like one. But even if not, it would be rash to infer that there will be none in the future. I grant that the phenomena of 1907-08, of 1913, and of 1920-21 differed rather noticeably from those of 1873 or 1893. There was less cutting of prices; there were fewer bankruptcies, especially of large financial concerns; there were perhaps fewer complete shut-downs in industry; but there was a vast deal of part-time operation and reduction of working forces, and not a little cutting of wage-rates. What seems to have happened is this: Concentration and bankers' control have to a considerable extent done away with the old anarchy of production; it has become easier to foresee a threatened glut and to avert it by timely and systematic curtailment; the depression is thus made less sudden and violent by being spread over a longer time; and its periodicity is obscured by a "staggering" of the curtailment, now one industry and now another feeling the worst of its effects. For the business man and the investor, this is probably an improvement; it gives him time to stand from under. From the workers' point of view, we might be tempted to say "*Plus cela change, plus c'est la même chose.*"

Now frankly, I do not think either Marx or Engels clearly foresaw the possibility that a highly organized capitalism could tame the devil of overproduction and set him to work for the greater glory of its God of Things-as-They-Are. If that confession means much to our critics, they are welcome

to it. Yet I must add that, if those great thinkers did not foresee this modification of the crisis, they did provide their disciples with the means of carrying on their work, and as much as eighteen or twenty years ago some Marxians observed and analyzed this new development, which had then but just begun, and which I think no other economists described till later.

Whatever may be said of periodic crises, the inherent tendency to overproduction (relatively to effective purchasing power) and to the disemployment of labor as a result of improved industrial technique, is still with us. At this moment, with the great war only ten years past and the immense resultant need for replacement of fixed capital and long-time consumption goods not yet fully met; with the vast increase in what are somewhat loosely called unproductive expenditures, by governments and by private persons, for armaments, for public works, for education and other social services, as well as for luxury and ostentation; and with all the frantic forcing of sales that we have witnessed in the last few years—with all this to take up the slack, we have today unemployment on a very large scale in the United States, in Europe, in Japan, in Australia, wherever capitalism exists. The direct connection between increasing productivity and unemployment is forcibly illustrated by the statement of the Census Bureau, as cited and analyzed in Anna Rochester's brochure on *Wages in the United States*, that the output of goods per worker in the manufacturing industries of this country increased by forty percent between 1919 and 1925 and that the average number of workers in those industries was at the same time cut down by ten percent.

THE TREND OF WAGES

As to the trend of real wages, the critics of Marx have a rather better case. Dr. Rubinow tells us that, although he is sure there was no increase of real wages in the United States from 1890 to 1910 (and I think he would say probably not for some years before 1890 nor for five years after 1910), it

is certain that within the last decade or so there has been an increase of thirty percent. I have no doubt that he is right. But I would repeat what I said a few minutes ago about the danger of generalizing from the experience of so short a space of time. Is it certain that this very year 1928 is not the beginning of a period of declining wages? There are straws which seem to show that the wind is blowing that way. I would further remark that the United States is only one part of the civilized world, though we Americans sometimes talk as if we thought it the only important part. How about wages all over Europe? They are probably as much below the 1914 level as ours are above it. Oh, but that is due to the war, we will be told. Well, may not the rise of wages in this country be equally a result of the war, and as transitory? That blade cuts both ways. Let us either ignore the effects of the war in both the Old World and the New or else allow for them in both. No nation nowadays can live unto itself alone. The question before us is not a question of what may happen in one country through one decade, but of the general tendencies of a world-wide capitalism.

Taking it in this broad sense, and speaking not of the post-war period, but of the more normal period which just preceded the war, I am nevertheless going to make another admission. It is probably true that in all the industrially advanced countries of Europe, real wages were rather slowly but pretty steadily rising for about twenty-five years prior to 1914. Now to what was this due? Not just to the development of capitalism as such; for capitalism was at that very time developing even more rapidly in the United States, and yet American wages were not rising; and capitalism had been developing in Great Britain for more than a century before that time, and through the greater part of that century the real wages of the British workers had been declining or at best standing still. To what was it due? Everybody knows the answer: It was due to the pressure exerted by a class-conscious movement of the European working people, organized in trade unions, in cooperative societies, and in political parties—and, by the way, led mostly by Marxists. The

end of the 1880's and the early '90's was the epoch when the French movement began to raise its head after the frightful dragooning which succeeded the Commune; when the German movement emerged victorious from its life-and-death struggle with Bismarckism; when the New Trade Unionism and the Independent Labor Party appeared in Great Britain; when the working class organizations of all Europe came together in the Second International—and it was just then that a significant upward movement of real wages got under way.

Now I confess that this turn of events did not accord with Marx's expectations. He died, it will be remembered, in 1883, in a time of black reaction. Well, how far was he wrong? Just what was his prediction in this matter? He more than once said, in these or similar words: "The general tendency of capitalistic production is not to raise but to sink the average standard of wages, to push it toward its minimum limit;" but he also maintained that it was possible for the workers to "retard the downward movement" by united action on the economic field, and that by "general political action" they could accomplish yet more than by trade unionism alone. Now it turned out that, while he was quite right as to the tendency of capitalism when unresisted, he greatly underestimated the potentialities of the working class movement which he had done so much to organize, to educate, and to inspire. This movement proved itself able, not only to retard the downward trend of real wages, but under some conditions even to overcome and reverse that trend.

I do not wish to minimize the importance of this error. Had Marxism been a dogmatic creed, its consequences might have been very grave. It is a striking evidence of the genuinely scientific character of the Marxian thought-method, of the power of self-development which the Marxian system possesses, that within a dozen years after his death his followers were making the necessary corrections in the body of theory which he and Engels had worked out—and that, not by a partial rejection of Marxian principles, but by their completer application.

THE THEORY OF INCREASING MISERY

My time does not permit any real discussion of what is called the theory of increasing misery, to which socialists generally attach much less importance than is attributed to it by our critics. It is embodied in one famous sentence in the thirty-second chapter of *Capital,* where Marx declares that, as capitalism develops and expands, "along with it grows the mass of misery, oppression, slavery, degradation, exploitation." That this had been true down to the time when he wrote, cannot be successfully denied. Perhaps, if he were writing today, he might somewhat qualify the statement. And yet, if you will not confine your view to recent changes in the conditions of life of the wage-working class itself in those countries where a powerful labor movement has been able to develop, if you will take into account the wholesale reduction of peasants and farmers to the proletarian level, the almost complete extinction of the once prosperous class of self-employing artisans and tradesmen, and the ruin which capitalist expansion has brought upon countless millions in Asia, Africa, and other parts of the world—if you will consider capitalism in its entirety, then I think you will not too hastily conclude that Marx was wrong.

The statement about the increase of misery does not stand alone. Immediately after it come these words: "But with this grows too the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized, by the very mechanism of the process of capitalist production itself." To illustrate the significance of these words: The horrors of the Congo and of Putumayo were the direct effect of capitalism itself; in so far as these horrors have been abated, the credit is due to the Belgian Labor party, the British Labor party, and the Socialist and Labor International.

I have far exceeded the limits assigned me, and yet I have but very inadequately treated even that portion of the Marxian theoretical system which falls within the scope of this section. In closing let me say this. It is right and necessary that so-

cialists should continually examine their theory and revise it wherever it needs revision. To treat Marx's conclusions as if they were sacred doctrines is to be false to Marx's own method of thinking. But in order to revise anything, we must first understand it. In this country especially there is need for more serious study of fundamentals of the socialist theory than has for a number of years been in evidence. For my part, I think such study will always justify the words which Antonio Labriola used in 1908. Speaking of the Marxian historical forecast, he said: "Marx was sometimes mistaken as to the relative speed of economic tendencies, but never as to their direction."

MATERIAL VS. MORAL PROGRESS TOWARD SOCIALISM

By Franz Longville

Socialism in Europe has entered into a new phase under the influence of two main political events, the World War and the Russian Revolution. The World War proved the weakness of the international spirit. It showed what differences prevailed, based on national lines, between the Socialist parties. It indicated how close a contact the workers had with the political and economic institutions of their respective communities. Finally it indicated that labor was influenced by other than purely rationalistic motives such as a knowledge of its class-interests and of the laws of social evolution.

The revolutionary example of Russia stirred the social forces everywhere and gave promise of an immediate remedy for the agony of war. It brought the possibility of a world revolution nearer than ever before. For some time numerous forces seemed to be assembled for a general upheaval leading to a new order—the economic distress and sufferings of the European working class; the social dissatisfaction of the in-

tellectuals; the desire for Asiatic nationalism and the political awakening of all those who hitherto had been indifferent to the social movement.

But as a result of this situation, the intense desire for the revolution has gradually lessened. The tactics of the socialist-labor movement are based upon a belief in evolution by gradual reforms. The communists are still trying to bring into being again the psychological moment of revolutionary enthusiasm which has been instilled into the masses, but which has now given place again to a desire for material advantages and reforms.

The struggle now going on between the Marxian socialists and Marxian communists shows the very grave crisis which actually exists in the intellectual and theoretical outlook of the socialist movement. There they are aligned, the communists claiming to be the true Marxists and, indeed, pushing the Marxian theory to its absolute limits, twisting the idea of the dictatorship of the proletariat into a justification of the *revanche* idea and making the revolutionary concept the *cultur* of physical force.

The Marxian socialists, on the other hand, are trying to build a bridge between the traditional Marxian doctrine and the actual tactics with all the contradictions which conditions force upon it. The workers in the meanwhile find it difficult to understand that the same goal can justify entirely different means.

RELIGIOUS FERVOR OF FATHERS OF THE MOVEMENT

The fathers of the socialist movement were inspired by what may be called religious motives, if religion is used in the sense of that which unites human beings by a moral principle whereby the good can be distinguished from evil, the just from the unjust. The pioneers of the socialist movement believed in the possibility of an ideal order, in the realization upon earth of absolute equality, where love of one's fellow man is the rule of the community. They believed in the inevitability of this new social order. One had to be a

hero then to become a socialist. No personal advantages could be expected. On the contrary, one had to be ready to renounce all possible advantages.

PRESENT DAY SOCIALIST MENTALITY

If you compare this mentality with the one prevailing today in the countries where the socialist-labor movement is the strongest, there seems to be good reason for pessimism. Socialism has spread enormously and a big part of the industrial workers are in its ranks. It has created its institutions and gained power. But it has differentiated into a number of separate and distinct national movements and has created a general phenomenon called "reformism."

It is, of course, easy to understand that those who came to the movement, led by these religious or ethical motives, as well as the romantic revolutionaries, bitterly denounce this development which is looked upon as a betrayal of the holy principles of socialism. Formerly the anarchists, now the communists place the responsibility for these changes upon the shoulders of the leaders, corrupted by their parliamentary and bureaucratic environment.

This environment is, in fact, only a part of the "bourgeois" and capitalist milieu in which the masses live and the masses possess the strongest desire for material advancement. The transformation of the socialist mentality must thus be sought elsewhere.

MATERIAL NEEDS AND MORAL NEEDS

The evolution of the movement has through its efforts, created a situation other than Marx predicted. As a result of a generation or two of organized activity, the workers have produced a revolution more significant than any change in the *manner of governing*; namely, a revolution in the *way of living*. This does not mean solely that the general welfare of the masses is greater than in any other period. What is more important and less tenuous is the developments of needs.

The socialist movement proceeds from two kinds of needs: *material needs* and *moral needs*. For the first class, the movement has brought increased satisfaction. To bring moral liberty to the masses—liberty of thinking, of education and of recreation—it was and is still necessary to assure a minimum of material existence. Misery engenders indifference, demoralization and resignation. The most miserable part of the working class was never the most socialistic. The forced poverty which the masses have had to endure was a social evil and a moral loss, because it directed all the energies of the workers to the satisfaction of material advantages. It created an obsession for wealth and gave a mistaken belief that wealth meant happiness.

However, to the extent that material needs have been satisfied, the trend to "bourgeois" standards and culture, to reformism and social patriotism has been strengthened.

The moral needs—to the contrary—have no limit, and every satisfaction develops another need—of a higher value. *The socialist soul is born out of these insatiable moral needs.* It finds its origin in an eternal, ever existing sentiment of justice and social community or solidarity.

REFORMISM

Marxism professed a quick and general victory of the working class. This victory has not been achieved. In the place of a general offensive, there have been a number of small advances, with also, now and then, retreats. Doctrinal socialism has not renounced its ideal of a socialist society but it conceives its realization now as a gradual and prolonged series of minor advances. In no one of these advances is the fight for the integral realization of the final goal. The aim is a limited and particular object. After every gain in the struggle, the natural tendency has been to guarantee this gain by an agreement—a contract, a law, a trade union agreement—or by a simply *modus vivendi*. All the gains have thus led to contractual relations with the existing powers.

This evolution has resulted in two things: (1) The shift-

ing of the psychological emphasis of the struggle from an uncompromising "Marxism" to a reformistic policy and attitude. This implies a mentality of compromise and even of opportunism, because *what enters first in consideration is not what should be obtained but what can be obtained.* (2) It has resulted in the desire to retain the advantages won as a starting point for new future reforms. The result is that the movement has come to a point where it is more conservative than revolutionary. That, however, does not mean that the workers are only attached to their poor material goods. Also and primarily they are attached to the moral, judicial and political gains of their struggle, the institutions and organisms which result from it and even the state which in a way crystallizes their status.

We are thus far from the *Communist Manifesto* of 1848, which proclaimed that the workers had nothing to lose but their chains. The revolutionary motives of this period have not disappeared, but have undergone a psychological transformation.

NO NEED FOR PESSIMISM

Is there reason for pessimism? Even if the objective has been changed and certain aims formulated at the beginning seem to be an illusion—even if the socialist movement has developed to a status seemingly quite different from what was originally planned; the gains have been worth the sacrifices made. Social evolution is not a laboratory experiment. It is the result of widely varied desires and it would be surprising if the ideal should exactly correspond to the inspiration of certain of these desires.

The fact that the worker has become a human being, comes in contact—for the first time—with civilization, which is a bourgeois civilization, after all, means, a tremendous advance, although he has not become yet so different from the bourgeois as we might wish. Can it be possible that, in place of moving to a socialist civilization, we will attain a bourgeois civilization, generalized and vulgarized?

Will socialism be the victor over capitalism or will the working class be absorbed by capitalism? The two solutions are, in my opinion, equally possible. There is no economic or historic law which can predict with certainty which one will be realized. It is, after all, not a question of knowing, but of willing.

This is not a denial of the class struggle or of its progress. We see the contrary constantly under our eyes. But the question is different: the struggle of the workers in behalf of their interests may not inevitably lead to socialism. It can develop into an entirely different thing: a relative state of equilibrium, more or less stable, whereby a working class, better treated and more powerful, is reconciled with the capitalist order and the bourgeois mentality.

The future of a socialist order—as the outcome we strive for—depends once more upon a psychological fact. The victory depends upon ourselves, and in the movement, upon the moral, ethical and social motives, as contrasted with motives of profit and material advantage, in general.

A NEXT STEP

In the face of the evolution of the movement and its need for a new basis—inasmuch as Marxism does not inspire the actual struggle any longer—a new criticism has sprung up. This new criticism no longer attacks different theses of Marx, but the methods of thinking about Marxism. In other words, it does not stop at the criticisms of Bernstein—at the question as to whether the facts do not make it necessary to modify certain premises regarding capitalist concentration, the disappearance of the middle-class, the increasing misery of the proletariat, the constant increase of the class struggle, the growing gravity of economic crises, but it attacks the philosophical hypotheses upon which Marxism is entirely based: historic materialism, economic hedonism and the rationalism found in Marx's time.

THE MARXIAN THEORY

To realize the full importance of this criticism, we must remember the intellectual "scheme" which Marxism created for the socialist movement: the proletariats become conscious of their interests which make them bitterly hostile to the capitalist "régime." They group themselves in class organizations for the pursuit of their class interests which evolve into a political struggle and the seizure of political power. At this moment they bring about those changes on the economic field which destroy capitalism and substitute for it a socialist organization of society. This brings the class struggle to a definite end.

In this ideological construction, the proletarian struggle seems to lead inevitably to socialism. But the experience, as we have seen, of the socialist-labor movement since Marx, leads one to question the inevitable character of the passage to a new social order under the influence of economic causes.

The frontal attack is thus at the basic motives of Marxism, and the task is to formulate other motives—or the real motives for socialist consciousness and action. In elaborating such a theory distinct from the Hegelian dialectic and the political economy which inspired Marx, and in fact in analyzing any theory of motive it is no longer possible in the 20th Century to use the scientific hypotheses as generally contested today as they were generally accepted a century ago. Contemporary sciences—which were not even thought of in Marx's time—offer now to sociology new instruments of research: social psychology, and the Freudian psychoanalysis. If they are not exact sciences, neither is political economy.

Nevertheless, the synthesis which Marx made of the philosophical thought of his time was, especially for its sociological ideas, vigorous and new, and of great originality. It is, moreover, easy to see why Marx borrowed the intellectual foundations of his system from the economic and philosophical literature of his time, and not from the experience of the movement, for the movement did not exist at that time.

But Marxism is also by this token related to the degree of development of the sciences of the last century, while, now, with the social experience accumulated by the movement and the actual development of scientific knowledge, we can no longer accept its views.

Marxism is not scientific in its interpretation of social phenomena, through rationalistic, hedonistic and deterministic hypotheses, which have become indefensible. It is not scientific when it considers the proletariat as an unchangeable class, reacting upon the capitalist milieu by principles of universal application and guided constantly by its class interests, when this proletariat, as all the other classifications used by Marx, are variable in their contents and liable to psychological reactions the direction of which varies under the effect of diversified and variable subjective motives.

Finally, Marxism is not scientific in its attempt to give an image of the future through laws which are used to explain the past. There is no science by which the future can be predicted. But Marxism is less a scientific work than a political act: its aim is less to establish eternal verities than to give a justification and direction to the aspirations of the workers. Here too, as we have seen, it has outlived its educational value. At the beginning of the movement, Marxism symbolized in a wonderful fashion the emotions of the proletariat. It condemned by its theory of surplus-value the immoral character of capitalism. It gave an ethical sense to the revolt against oppression and exploitation. Its doctrine of determinism gave it an appearance of scientific certitude and strengthened the will of labor by suggesting confidence. Its economic hedonism harmonized exactly with the immediate experience of miserable workers obsessed by the desire for daily bread and justified the attempts at economic emancipation by their own efforts.

But today, when the working class has already, through its own struggle, gained a certain social dignity and an active participation in the determination of its own social fate, Marxism is considered to polarize no longer the energies of the workers and constitutes even an obstacle to the formation

of superior motives which are necessary in the present phase of the struggle and indispensable for the realization of socialism. To put the emphasis continually upon the economic motive results in so stressing the acquisitive instinct that it prejudices the formation of higher social motives which forms a real socialist conviction.

From the dual standpoint of its scientific value and its ability to give the socialist movement of today its directing principles, Marxism must now be liquidated and relegated to the past. It should be regarded as having provided an historical background and a past drive to the socialist movement, in harmony with the state of sciences in the past and with the primitive character of the movement. However, it no longer answers to the exigencies of contemporary thought and to the moral, ethical and cultural exigencies of the movement. Where Marxism has brought to the workers more welfare, a rejuvenated socialism must now bring more joy and more happiness. Not more joy merely but a higher form of joy.

IN CONCLUSION

The postulates of the new movement have been brilliantly expounded by Henri De Man in his *Psychology of Socialism*. The objective of his work has not been to try to demonstrate, as many anti-socialist sociologists have done, that Marxism has been a failure, but (1) That Marxism has actually been deposed by the movement itself. (2) That the class struggle as a struggle for material advantages, does not lead inevitably to socialism. (3) That socialism is inspired by basic motives already present before the advent of capitalism. (4) That socialism must proceed on the basis of a social consciousness and ethical and moral principles which are shared also by those who are not direct sufferers of the present order. (5) That the class struggle prepares the large masses for this social consciousness but is unable, by virtue of its own force to develop those who will bring about socialism.

These new postulates are giving to the socialist movement —especially to the younger generation—a spirit, not o

mysticism or romanticism, which keeps one away from action and from science, but a spirit which impels one to serve the movement and humanity and to build up the new moral, ethical and cultural values which must prevail under a co-operative system.

HOW CAPITALISM MAKES WAY FOR SOCIALISM

By Karl Kautsky

Do modern Marxists believe that a cooperative system is coming only after the utter breakdown of capitalism, as a result of chronic industrial crises, or do they put their faith in other economic and psychical developments to bring about the transition to another social order? This question has recently been discussed by the acknowledged Marxian authority among European socialists in his exhaustive four volume work on *The Materialistic Conception of History.* Mr. Kautsky generously gave the League the privilege of reproducing a portion of this discussion translated by Harry T. Smith. It follows:

One of the most important statements of Karl Marx regarding the conditions which made capitalism ripe for the ushering in of a new order is as follows:

"A form of society never perishes before the development of all the productive forces for which it is ripe."

While this statement no doubt applies to all previous forms of class society, it does not apply to that of industrial capitalism, and, therefore, not to the proletarian revolution.

The sentence doubtless was coined as the result of an investigation of the bourgeois revolutions. There it became apparent that feudal society at the time of its fall was no longer capable of any further development of productive forces and was a hindrance to any further development.

The same phenomenon was also manifest in every former

class society, where the conditions for the growth of industrial capital were not yet at hand.

Industrial capitalism, however, is a system of exploitation quite different from its predecessors. It exploits the masses not merely with a view of wasting the proceeds of its exploitation in enjoyment. It constantly seeks to increase these proceeds, not only through the absolute increase of surplus value, which the slave barons and feudal lords understood, but likewise through the increase of relative surplus value through the development of the productive forces, a process which those barons and lords knew nothing about. The rule of the barons and the lords, therefore, terminated in the collapse of the productive forces at their disposal after these ancient exploiters had taken from the workers all there was to be taken. Industrial capitalism, on the other hand, leads to the development of the productive forces in a constantly rising tempo. It is not, therefore, to be expected that economic contradictions will arise in capitalism itself as a result of this development that must necessarily bring the social order to a halt.

Naturally, one cannot definitely assert that it would be impossible for the technical and economic progress of industrial capital ever to become congested. *But here we are merely discussing the question whether such a collapse must necessarily result from the nature of capital and its accumulation, and the answer to this question is a decisive No.*

Elsewhere I have shown that the limits apparently fixed to the expansion of capitalism are only the limits set to the expansion of industry under every method of production dependent upon agriculture. A one-sided expansion of industry without a corresponding expansion of agricultural production is impossible. Nevertheless, nothing hinders capital, as soon as the development of industry begins to falter because of the lagging behind of agriculture, from turning all its powers to the task of increasing the productivity of the farm.

Now it might indeed be possible that existing property conditions would prevent this intensification of agriculture; that

the necessary development of the productive forces of agriculture might be shattered against the rock of private property in land. Granting this, it would not yet have to signify the end of capitalism; it would merely bring about a land reform, quite compatible with capitalism.

VICTORY OF WORKERS BEFORE FULL DEVELOPMENT OF PRODUCTIVE FORCES

However, we don't need to worry too much about this problem. No matter what one may think about the limits set to the development of the forces of production within the capitalist system, we shall never be able to settle our differences of opinion through practical experiences, because we shall not have such experiences.

For one thing has become constantly clearer during the last decades—the victory of the proletariat will arrive before any of the limits set to the development of the productive forces within capitalism by many of our theoreticians can be reached.

Three decades ago I already had considered the possibility, as explained above, of this victory arriving earlier than the chronic crisis upon which I was still counting at that time. Since then capitalism has withstood so many crises, has known how to adjust itself to so many new and often very surprising and enormous demands, that it is today, it seems to me, regarded purely from the economic standpoint, far more vigorous than it was half a century ago.

At the same time the proletariat has come close to becoming the ruling class in many important countries. It thus appears that we must drop the theory that the capitalist system of production, to use the words of the Marxian preface, never goes under "before the development of all the productive forces for which it is ripe."

CONCENTRATION AND THE ORGANIZATION OF THE MASSES

In the face of the development of the last decades, this sentence is no longer applicable. Therefore, we must also modify the remarks with which Marx, in the famous chapter on the historical tendency of capitalist accumulation, ends his *Capital*.

Of these weighty sentences, the ones hitherto assailed by bourgeois and socialist critics are those in which Marx declares, on the one hand, the increasing concentration and centralization of capital make industry ripe for transformation into social ownership and social operation, and how, on the other hand, the tendencies toward the impoverishment of the workers and their rising indignation against this impoverishment constantly sharpen class differences and, further, how the numerically increasing working class is educated, united and organized in the resulting class conflicts.

The carping criticism of this statement was petty. Critics greatly exaggerated slight counter-tendencies to the development here described or read into the Marxian sentences implied disregard of reality that an intelligent reader didn't find. These same critics failed to understand the great collective content of Marx's clear-cut sentences. And yet this description is being more strongly confirmed every day. When Marx here sees the tendencies which necessarily lead to the conquering of capitalism, to the "expropriation of the expropriators," he has thus indicated the road which is actually being followed by economic evolution and in following which the working class is marching most surely toward the goal of its emancipation.

But we cannot follow Marx all the way when he adds to the above mentioned sentences:

"The monopoly of capital becomes the fetters of the system of production that has flowered out together with and under it. The centralization of the means of production and the socialization of labor reach a point where they become irreconcilable with their capitalist framework. The

latter is burst. The hour for the end of capitalist private property is struck. The expropriators are expropriated."

We expect this, too. But we do not expect the end of capitalism through the conflict between productive forces for the application of which the capitalist system of production has become too narrow. We do not expect a change to another system only when the "monopoly of capital becomes the fetters of the system of production". We believe we have every reason for being confident that this change will be brought about at an earlier date.

EVERY NEW METHOD OF PRODUCTION IS LINKED WITH MATERIAL CONDITIONS

The next sentence of the Marxian preface is very closely connected with the one just discussed. After Marx says, "A form of society never perishes before the development of all the productive forces for which it is ripe", he continues:

"And new, higher conditions of production never appear before their material conditions of existence have been hatched within the shell of the old society itself."

This sentence certainly has in no wise lost anything in accuracy since it was written. All observations since then have verified it. It belongs to the unshakeable basic principles of the materialistic conception of history. Basically it says the same thing that is expressed in the preface to the first edition of *Capital*: A society "can neither skip nor decree out of existence natural phases of development".

This sentence is a matter of course in a classless society. In such a society nobody has an interest or an inducement to establish new conditions of production in the place of the existing ones, unless new productive forces make them practicable and eventually necessary.

It is otherwise in a class society. There the exploited classes, and occasionally many of the exploiters, are always dissatisfied with the existing conditions of production and try to overcome them. Only in a class society can it happen that a discontented class, when special historic circumstances

give it the strength, makes an attempt to create new conditions of production more favorable to it, even though the prerequisites for the existence of these new conditions have not yet been hatched within the shell of the old society. Nevertheless, when such is not the case, the innovations will have no stability and will quickly become a nuisance and pass away, despite all decrees and also despite all the terrorism with which one tries to make good the lack of the historic prerequisites for the new conditions of production.

Recognition of this is a solid bulwark against all Utopian stunts. It is really incomprehensible that there are partisans of historic materialism who ignore just this fundamental proposition in practice.

This does not mean that Marxian representatives of the proletariat should refuse to grasp an opportunity to attain political power so long as the conditions necessary for the existence of a hundred percent socialist society are not at hand. But it does express the obligation for Marxists, wherever they attain power, to try to find out how far the prerequisites for the existence of the new society may have hatched within the shell of the old and to guide their actions accordingly in the interest of the working classes for whom much may be done, even before one proceeds to "complete socialization".

MAN HIMSELF A PART OF MATERIAL CONDITIONS

It may seem strange that Marx in the sentence here under examination speaks only of the material conditions of existence of the new forms of production. This must not perchance be understood in the sense that only definite materials and tools are to be counted among the material forces of production. We have pointed out already that the most important of the productive forces is man himself, who first releases the rest of these forces, puts them in motion and turns them to practical use. To the material productive forces also belong certain kinds of labor discipline, organization, knowledge, etc. Therefore, among the material conditions of existence

of the new society that must be hatched within the shell of the old before the new ones become possible, we have to understand not merely the presence of certain inorganic and organic materials and tools, but *also the presence of definite psychical abilities in men,* which, however, are not hatched out by some kind of a mystical, causeless, automatic movement of the spirit within the shell of the old society, but the rise of which is, in the last analysis, to be attributed to the newly created technique, therefore in the full sense of the word to the new material conditions of existence.

Marx has indeed indicated that he did not overlook the timely necessary psychical prerequisites among the preliminary conditions of a new society which was being hatched within the shell of the old. We need only to draw attention to the section of *Capital* we are now considering. Among the preliminary conditions for the socialist society, he lists, "the indignation of the constantly increasing working class, being educated, united and organized through the mechanism of the capitalist system of production itself."

And *Capital* was not the first place where he expressed this recognition. The training and organization of the workers affected by the system of production was also described in the *Communist Manifesto.* And at the meeting of the central officials of the Communist League, September 15, 1850, Marx declared, among other things, that we (Marxists) say to the workers: "You have to go through fifteen, twenty, fifty years of civil wars and international wars not only to change conditions, but also to change yourselves and to become capable of political rule." (Reported by Marx in the *Disclosures Regarding the Communist Trial in Cologne,* New edition, Zurich, 1885.

Therefore one must not interpret the material conditions of existence for the new society, that must grow within the shell of the old if the new is to become possible, in too extreme a "materialistic" sense.

HUMAN KIND SETS FOR ITSELF ONLY TASKS THAT CAN BE PERFORMED

In connection with what we have just been considering, Marx continues:

"Therefore, humanity sets for itself only such tasks as it can perform, for, looked at more closely, it will always be found that the task only develops where the material conditions for its solution are already at hand or, at least, are in the process of coming into existence."

At the first glance this sentence looks mystical and obscure. One must by no means understand it in the sense of individual human beings always setting themselves only tasks that they are able to perform. This doesn't even apply to whole classes.

In a class society the various classes set tasks for themselves which, because of the conflict of their interests, are in complete opposition to each other and some of which, consequently, are necessarily impossible of solution to begin with. And have we never heard of revolutions that failed? Haven't most revolutions failed, in the sense that the revolutionists have not attained in them the objects they were striving for? Even where they won, the result of the movement was often quite different from what the revolutionists had aimed at.

Consequently, it cannot be a question here of individual persons, or of groups of human beings, who set themselves tasks. But can humanity set tasks for itself? That can only be done by individuals. Humanity has no brain that could think or desire things. It is only an abstraction, the totality of human beings.

But just because it is only a question of an abstraction, we dare not take the illustration literally. Humanity cannot set itself tasks at will. From time to time under certain newly arising circumstances, however, new social conditions come into existence which do set definite social tasks for all the persons affected by them in the same way, or, one may say, for humanity, the solution of which becomes necessary if society is to thrive or continue to live at all.

The new conditions that set the task are the new forces of production arising from the progress of technique. They not only create the problem, but also furnish the means for its solution.

The problem consists in adapting the social organization to the new means of increased production; a problem that can be solved. The solution cannot come face to face with unconquerable difficulties where no class contrasts exist and where all have the same interest in the most practical solution.

Where conflicting classes exist, the classes interested in the old order will make the solution more difficult. They can hinder it, even though it is a possible solution. Of the classes that in such cases are opposed to each other, the one will most rapidly gain in strength that is most closely linked with the use of the new, superior forces of production; that is the first to discover the social methods and organizations best fitted for them and that is gaining in numbers and importance through them. It has the best prospects of winning in the end and effecting the proper solution of the social problem placed before society by the new productive forces.

When a new social problem bobs up, individuals attempt its solution from the most varied standpoints and with the most varied needs and information. Many of them fail. The same thing happens to whole classes. Entire states may even go to ruin because they do not succeed in finding the solution of social problems that arise for them in the course of economic development. But with all these failures, the amount of experience is growing, the strength of those most interested in a practical solution is increasing.

The solution is found as soon as one recognizes the exact conditions necessary for the solution of the problem.

Thus, when we do not consider individuals, classes, or states, but humanity in general, every social problem arising from the appearance of new productive forces has always been solved through the same factors that posed the problem.

There is no reason for supposing that this will not also be the case in the further progress of society, especially when

the latter will have passed out of the class stage and returned to classlessness.

Therefore, one may surely say that humanity always sets for itself only tasks that it is able to perform.

DISCUSSION ON SOCIALIST CONCEPTION OF CRISES

Mr. Louis Boudin: Now as to the subject of crises. In the first place, as also already indicated by Lee, it is not true that Marxists have not done anything by way of thought on the subject of crises. The Marxists have done considerable work up to the war. It is true that the war constitutes a break. But I want to remind Dr. Stone of the controversy that was going on in the years 1908 and 1909 after our crisis of 1907, in which controversy I had the honor to participate.

It is true that Marxists believe that the economic process itself would lead to the suffocation, so to speak, of our system. Our system would be suffocated by its own fat, those billions of dollars saved annually, which Dr. Stone has referred to, and which, he says, are absorbed in other industries. But what does that absorption mean? The more you absorb in other industries—and all the newer industries consist of higher composition of capital—the more difficult the problem becomes. If you want to solve it ultimately by making your producers become consumers, that is consume all that they produce, you arrive at a socialist system of society. But this thing would be no problem in a socialist system.

Let me first start from the socialist system, and then go back to the capitalist system. If you could take all of the surplus product you produce, all of the social savings, and build railroads, canals, public buildings and other utilities which do not have to return a profit, the problem is very simply solved in the way that Dr. Stone indicated. There is no necessity for suffocation, no necessity for crises, because your surplus goes into social, non-profit-making uses.

The trouble with our capitalist system is that you cannot put the surplus product into a social enterprise that will yield a profit to some capitalist. Therefore, every railroad that you build becomes a problem, instead of a solution. Will it yield a profit, or will it not? If it yields a profit, it is a proper investment; if it doesn't, it is not a proper investment. But profit arises from "paid-up" consumption.

Now the tendency is to create an amount of wealth that does not yield a proper profit, and that is the cause of crises. Let me give you a concrete illustration.

If you took all of your surplus profits and built city halls, museums, etc., there would be no problem. If you built railroads or canals which wouldn't have to make a return, there would be no problem. But the moment you start putting it into individual capitalist enterprises, the problem is only increased. It is true it has been solved in the last twenty years; but Dr. Stone knows how it was solved, for instance, in this country. Why have these saved billions not caused any crisis? Because the Great War has destroyed such an amount of capital that our capital in this country is merely replacement of other capital that has been destroyed in Europe. If it hadn't been for that fact, we probably would have had a very severe crisis before this. Our crisis was postponed because there were other countries that destroyed their capital and we are merely replacing it.

Look at the problem from the individual capitalist's point of view. He cannot afford to turn over his capital without a return; and the great problem is, how, without great crises like wars that destroy vast amounts of capital, to keep the capital, to keep the capitalist system going. And I want to remind Dr. Stone that in my book, *The Theoretical System of Karl Marx*, I pointed out, in 1907, the fact that the capitalist system is occasionally saved by a great war. And that is why, among other things, we have so many wars. At that time I did not exactly foresee the war of 1914, and I didn't predict it. But socialists as a whole predicted the war partly on account of this economic necessity; although not all of those who did so may have understood the theoretical reasoning upon which the prediction was based.

CHAPTER XIV

THE MARXIAN THEORY OF VALUE

HITHERTO we have been discussing Marx's sociological theories. A part of the Marxian structure is also Marx's labor theory of value. It is the least understood and the most attacked portion of the Marxian system and has already been dismissed by certain contributors to this discussion as relatively unimportant. Is it unimportant? What did Marx actually teach? What are the flaws in his position on value? Is his theory a necessary part of the socialist philosophy? These and other questions have been raised for several decades back. The present discussion on value is one of the most interesting and clear cut discussions to be found anywhere.

MARX'S THEORY OF VALUE

By Algernon Lee

The concept of value is closely related to that of price, but they are not identical. The price of a commodity is what it actually sells for. In a competitive market price alternately rises and falls. Such an oscillatory movement always suggests to us the idea of a norm, an intermediate point, toward which the thing which oscillates is the more strongly pulled back the farther it has been pushed away from it in one direction or the other—a point at which it would rest if the reciprocal action of the forces which make it oscillate could be instantaneous. To this norm of competitive price Adam Smith gave the name of "natural price"; Marx and

other economists of his time called it "exchange value"; since we have taken to using the term "utility" for what they called "use value" we commonly employ the one word "value" to designate this norm.

Price rises and falls in response to the increase and diminution of demand relatively to supply. But rising price stimulates production and thereby increases supply relatively to demand, and falling price diminishes it. So price depends upon the ratio of demand to supply, but this ratio in turn depends upon price. All this is true and important. It explains how the price of each commodity oscillates. But it does not explain why the price of this commodity oscillates about one level and the price of that commodity about another. It does not explain value. We must inquire what it is that determines the point above which competition tends more strongly to pull price down and below which it tends more strongly to push price up.

Not only Marx, but Ricardo before him and Smith and others before Ricardo, though with less precision of statement, held that this determinant of value is the amount of labor which, under existing conditions and by the methods of production commonly in use, is required to produce the commodity. If it takes six times as much labor to produce a ton of flour as to produce a ton of iron, the value of flour will be six times the value of iron—that is to say, although the prices of the two will fluctuate independently of one another, in response to changing conditions in the flour market and the iron market, yet competition in the general labor market and in the general market for investment capital will so limit and govern their fluctuations that the ratio between them will be alternately above and below the ratio of six to one. To put it in general terms, commodities tend in the long run to sell at prices proportionate to the quantities of labor that are socially necessary for their production; or, since value is defined as what competitive price tends to be, the values of commodities are proportionate to the quantities of labor socially necessary for their production.

This conclusion does not rest upon abstract reasoning alone.

It was originally reached through observation of objective facts; and I think that, wherever competition prevails and in so far as it prevails, continued observation of the course of prices confirms the theory.

I doubt if we would ever have had much dispute about this if Marx had not developed from the law of value certain further conclusions about what he called "surplus-value," which we must next consider. But not quite next, for between the concept of value and that of surplus-value lies the question of wages.

SUBSISTENCE THEORY OF WAGES

Labor-power has in our modern society become what the lawyers would call a quasi-commodity. For all practical purposes we may speak of it as a commodity. A large and increasing majority of the workers are wage workers. Not having the means to employ themselves, they must sell their labor-power to those who own the land, mines, factories, railways, and so forth. The same laws which hold good for the price and value of material commodities hold good for the price and value of labor-power—that is, for actual wages and for the level toward which wages tend in a competitive labor market.

The value of labor-power, then, is determined by the amount of labor required to produce or replace it. It is equal to the value of the commodities which are required for the wage-workers' subsistence, which of course includes the subsistence of their dependents. In other words, actual competitive wages tend to hover about the subsistence level.

This theory has been vigorously attacked. The wide range of difference between wages in one country and another, and between wages in different industries or occupations in the same country, is urged as a fatal objection. It is pointed out that, especially here in the United States, large numbers of working men own pianos or radio sets, carry life insurance, and have savings bank deposits. Forcible as these objections may at first glance appear, I do not think they invalidate the theory—provided, of course, the theory is rightly understood.

In the first place, we do not say that wages are always actually equal to the cost of subsistence. "The iron law of wages" is not a Marxian phrase. It is of Lassalle's coinage, and occurs in that very part of his book *Herr Bastiat-Schulze von Delitzsch* to whose theoretical inaccuracy Marx called attention in one of the prefaces to *Capital*. In his letter on the Gotha Program, also, Marx definitely repudiates the idea. Marx did not deal in "iron laws." No man knew better than he that every economic law is the statement of a tendency. So, for that matter, are Grimm's law of consonant change and Weber's law of sense stimuli and Kepler's laws of planetary motion; and I do not suppose this lessens their scientific value. What we do say is that, in so far as competition prevails, wages tend to equal the workers' cost of subsistence.

In the second place, Marx made it clear that by subsistence he did not mean barely keeping soul and body together. Besides the basic physical necessities, he says, a social or historical element must be taken into account—"the traditional standard of life . . . wants springing from the social conditions in which people are placed."

So understood, the subsistence theory of wages holds good. Many of the occupations in which wages are exceptionally high are those in which trade unionism restrains competition among the workers. More of them are occupations in which subsistence cost is high, either because it takes years to learn the trade or because the nature of the work is such that only physically strong or mentally fresh and alert men can do it satisfactorily. Where wages for a whole industry are exceptionally high, the same causes are usually at work; and in addition, these are as a rule young and rapidly expanding industries, whose demand for special kinds of labor is still in advance of the supply.

The same is true if we compare countries. The case of the United States, which is so much relied on by those who attack the theory, in fact goes far to confirm it. According to the Marxian theory we should expect American wages to be relatively high, because past history has given us a higher "traditional standard of life," because the greater intensity

of labor here makes a better subsistence physically necessary, and because the more rapid tempo of our industrial expansion gives a higher ratio of demand to supply in the labor market.

In brief, all the apparent exceptions which are brought forward to disprove the Marxian law of wages are just the kind of exceptions which, in the true sense of the proverb, "prove the rule."

Marx fully recognized the possibility of actual wages being made to vary pretty widely from the level toward which they gravitate if competition is unrestrained. That is the main thesis of *Value, Price, and Profit,* which he wrote in 1865, and it is implied in many other places in his writings. The cost of merely physical subsistence, is, he says, the minimum limit of wages. Practically, the social standard of living usually fixes a somewhat higher minimum. By unresisted pressure from above this standard may be broken down. On the other hand, by trade union action and social legislation actual wages may be raised considerably above it. There is no theoretical maximum, short of that point at which surplus-value would become so small that it would not be worth the capitalists' while to employ the workers. Between these limits, says Marx, the fixation of wages "resolves itself into a question of the respective powers of the combatants."

WHAT DETERMINES SURPLUS-VALUE?

From wages we pass to surplus-value. By this term Marxians designate the excess of the value produced in an enterprise or in an industry over the wages paid for the labor performed in producing it. Let me say in passing, that we have no objection to including under the head of wages the salaries paid to managers and so forth, in so far as these are in fact "wages of superintendence" and not merely disguised profits. The surplus-value realized in any establishment does not necessarily all go to the owners of that establishment. They commonly have to pass on some portion of it to landlords or to money lenders or both. This division of surplus-value into rent, interest, and enterprisers' profit cannot be considered

within the space at my disposal. We are here concerned only with surplus-value as a whole and its relation to wages.

To avoid irrelevant complications, let us suppose an enterprise in which all labor of management and superintendence is entrusted to salaried employes, so that the capitalists immediately concerned are owners pure and simple. And let us, for the purposes of the argument, suppose the number of workers to remain constant and the methods of production not to be changed.

Materials, fuel and supplies are purchased, workers are hired, and wear and tear of the plant are made good at the owning capitalists' expense; goods are produced and sold for those capitalists' account. The excess of the gross value of the output over the value of the pre-existent commodities used up in the process (that is, over the cost of materials, fuel, supplies, and wear and tear) constitutes the product-value, the value produced in this particular enterprise. Out of this new value wages and salaries must be paid—or, to speak more accurately, the amount that has been advanced to carry the pay roll must be replaced. The residue is what we call surplus-value. This goes to the capitalists, and for no other reason than that they are capitalists—goes to them solely by reason of the fact that they own or control the means of production involved.

Upon what does the amount of surplus-value depend? Since it is the difference between the value produced and the wages paid for labor employed in producing it, its amount obviously depends upon those two quantities. But these are mutually independent quantities; they stand in no necessary fixed relation one to the other. The amount of wages corresponds to the workers' cost of subsistence, with some differential in the one direction or the other which depends upon the relative bargaining power of employers and of wage-workers. The amount of value produced depends upon the volume of the output and its unit-value; and the value per unit of the commodities in question is determined by the amount of labor required for their production by the methods generally in use at the time.

The amount of surplus-value, then, will be increased if the volume of the output can be increased without equally increasing the amount paid out in wages, or if the amount paid in wages can be reduced without equally diminishing the volume of the output. If the hours of labor and the speed of work be constant, reduction of the daily wage will increase surplus-value; if the wage and the speed be constant, extension of the workday will increase it; if the wage and the working time be constant, speeding the work will give the same result.

In sum, at any given stage in the development of the methods of capitalist production, the amount of surplus-value to be obtained through the employment of a given number of workers can be increased only by getting the workers to do more work for the same wages or else by getting them to do the same work for less wages. Conversely, if the workers succeed in getting more wages for the same work or the same wages for less work, the amount of surplus-value is diminished.

ANTAGONISM OF CLASS INTERESTS

From these economic relations, which are inherent in the capitalist mode of production, there follows a diametric antagonism of interests between capitalists and wage-workers, individually and as classes. It is idle to blame either party for this situation, but it is worse than idle to deny or ignore the fact. No ostrich ever escaped danger by burying his head in the sand. The more clearly the antagonism is felt and understood, the more vigorous and resolute—not necessarily the more bitter and brutal—becomes the struggle between bourgeoisie and proletariat.

Oh, yes, I know that there is a sense in which the interests of these two classes are interdependent. We who have read *Wage-Labor and Capital,* which Marx wrote as early as 1849, do not need to be told that. So are the interests of the work-horse and his master interdependent. It is the interest of the horse to be useful to his master, lest a worse thing befall him. It is the interest of the master to keep

his horse in good health and working condition. This does not save the horse, however, from being discarded as soon as an automobile can do his work better or cheaper. And if horses had the faculty of speech we could hardly wonder if we heard them grumbling about exploitation, exhorting one another to class-consciousness, and considering the possibility of escape to the wide open spaces, where there is plenty of grass and no such thing as whip or harness. In like manner, so long as the capitalist can be a capitalist and the worker must be a wage-worker, each needs the other. It is the employers' interest to treat the workers as well as is consistent with a maximum of net profit, and it is the workers' interest to work well enough to hold on to their jobs. Industrial prosperity enriches the capitalists and assures the workers a hard-earned livelihood; industrial depression somewhat lessens the capitalists' wealth and dooms myriads of workers to degrading privation and dependence. In a declining capitalism, the working class either stagnates in dumb misery or breaks out into futile revolt. Only on condition that capitalism expands and develops can the working class defend its own interests, raise its standard of life, and—what is yet more important—grow in numbers, in solidarity, in self-reliance, and become capable of socializing an economic system which is meanwhile becoming ripe for socialization.

To recognize this interdependence of bourgeois and proletarian interests is not to deny the antagonism between them. The very nature of the interdependence implies the antagonism. To ignore either aspect of the relation would lead us into grave practical error—in the one case, to abject acceptance of capitalist policies in the shop and in the state; in the other, to purely negative and destructive tactics.

THE MARXIAN THEORY OF VALUE—A CRITICISM

By N. I. Stone

Marx's *Capital* is a magnificent structure built up by a process of deductive reasoning resting on two fundamental premises. First, that labor is the only source of value, and, second, that under the play of free competition commodities are exchanged, on the average, at their value. Capital, according to Marx, creates no value. The difference between the exchange value of the goods and the labor cost, which is represented by the wages paid for labor, constitutes surplus-value, appropriated by the capitalists in the form of profits, interest, etc. These are the cornerstones on which the entire economic structure erected by Marx rests. On these premises it stands or falls.

Since labor is the only source of surplus-value, or profit, it follows that the greater the part of capital which is invested in wages, the greater will be the profits of the capitalists. On the contrary, by tying up the greater part of his capital in plant and machinery and spending less on labor, the capitalist reduces that part of his capital which produces surplus-value and thereby reduces his profits. In other words, if two capitalists A and B use the same amount of capital say $1,000, but A uses $250 for labor and $750 for machinery while B uses $750 for labor and $250 for machinery, then, assuming that each pays the same rate of wages and that all other conditions are the same, B will make three times as much profit as A.

This conclusion is so contrary to well known facts that it could not escape the attention of so profound a thinker as Marx. This contradiction between theory and facts was a great puzzle that baffled all the adherents of the labor theory of value. In his preface to the second volume of *Capital*, Friedrich Engels, referring to this contradiction, said: "As

a matter of fact, equal capitals, regardless of the quantity of labor employed by them, produce equal average profits in equal times. Here we have, therefore, a clash with the law of values, which had been noticed by Ricardo himself, but which his school was unable to reconcile." *

Engels promised the solution of the puzzle in the third volume and in the meantime challenged the economists of other schools to solve the riddle. For ten years the whole economic world was on tip-toe for the promised solution. When it finally appeared it was extremely simple. What was Marx's answer to the riddle? This: That in actual practice under the force of competition, A's goods will sell above their exchange value, while B's will sell below the exchange value until their profits are equal. This will be brought about through the fact that capital will flow from the industry from which it received the low profits to that in which the profits are high and thereby through the operation of competition prices will be raised in the former case and fall in the latter until the profits are equalized.

MARX ABDICATES HIS OWN THEORY

This amounts to the complete abdication of the surplus-value theory, which started by denying that capital makes any contribution to value and ended by making capital's share of value the determining factor in the process of distribution of the social product. In the theory of economics which recognizes the productivity of capital as much as that of labor, the rate of profit is not made dependent on the relative proportion of the part of capital which is used for hiring labor and that which is invested in machinery. The rate of profit is made dependent on the marginal productivity of capital as a whole and the approach to a uniform rate of profit in different industries will be brought about by the withdrawal of capital from the industry in which it is more abundant (and where it consequently has a lower marginal utility) to the one in which it is more scarce (where, in other words, it

* *Capital*, Vol. 2, pp. 27-28, Kerr and Co. Edition.)

has a greater marginal utility). Here is a statement of facts that requires no strain of logic and that is free from contradictions.

Inasmuch as Marx admits that competition and the transfer of capital from one industry to another will even up the rate of profit, it may be said that he is in accord with the marginal utility theory. If so, it is a poor comfort for his surplus-value theory, for it involves the abandonment of his original thesis that only labor will produce profits.

But, says Algernon Lee, the deviation of price from value does not disprove the correctness of Marx's theory. "Value," says Lee, "is the norm above and below which the price of a commodity incessantly oscillates under the opposite influences of changing supply and demand."

Such an oscillation of price around value, as the norm, Marx describes in his first volume of *Capital* where he deals with the simple exchange of commodities between two independent producers who work with their own hands with the aid of comparatively simple tools and appliances. But when he comes to the "solution of the riddle" in the third volume, he has before him a much more complex phenomenon involving not only the exchange of commodities, but the distribution of the products of industry among the different factors of production. Here, as Professor Boehm-Bowerk has well remarked, *Marx no longer refers to an oscillation of prices about his labor norm, but to a definite departure from that norm.*

PERMANENT DEVIATIONS, NOT INCESSANT OSCILLATIONS AROUND LABOR NORM

For what happens? Taking our previous illustration: here is industry A in which the capital invested is distributed one part to labor and three parts to machinery; there is industry B in which the proportions are reversed; namely, three parts to labor and one part to machinery. According to Marx's surplus-value theory, the capitalist in the second industry, that is, the one in which expenditure on labor is three times

as large as that on machinery, should make three times as great a profit as the capitalists in the first industry. The very opposite is the fact, for any high school boy knows that the greater the use of machinery, the more profitable is the enterprise.

Of course Marx knew that as well as anybody and so by his laboriously involved reasoning in Volume 3, he arrives at the conclusion, that, through the force of competition, commodities in industry A, where investment in machinery is the predominant factor, will command a higher price than their value; while those in industry B, in which the investment in labor is predominant, will command a lower price.

Let us assume that this is a permanent situation, in other words suppose A is an industry, like millinery, which requires largely hand labor and to which machinery is not suitable, while B is an industry, like the steel industry for example, in which the proportion of capital invested in wages is comparatively small. According to Marx's solution, in order to enable capital to earn the same rate of profit in both industries, the prices in industry A will permanently have to be below their true value while those in industry B for the same reason, will have to remain above their true value. *Here we are not dealing with "incessant oscillations above and below the norm under the opposite influences of changing supply and demand," but with permanent deviation from that labor-norm of value.*

MARX ACCEPTS CAPITAL AS FACTOR OF VALUE

In the final analysis Marx's "solution of the puzzle" involves the acceptance of capital as one of the factors, if not the governing factor, in the determining of value and profit, for he shows clearly that, just as labor was the predominant factor in the determination of value in simple exchange of commodities in a precapitalistic era or between two non-capitalistic producers, described in Volume 1, *so capital becomes a determining factor of value and profit in the modern, complex capitalistic system.*

The logical inference from this must be the recognition of the productivity of capital which Marx tries to avoid. For what becomes of the theory of "exploitation of labor"? Marx asserts that labor is the source of all value, that capital creates no new value and that, therefore, every form of profitable employment of labor constitutes "exploitation of labor." That is why for years the socialists have ridiculed the slogan of the American Federation of Labor "a fair day's wage for a fair day's work." There can be no such thing as a fair wage, according to Marx, for a wage is only a *part* of the value created by labor and the workman is entitled to the *full* product of his labor.

Let us see whether his assumption will stand the test of actual facts. Suppose that an improved machine requiring the investment of a thousand dollars has reduced the labor previously required in a plant to one-half. One of two things will happen: either the new machine will be generally adopted and will reduce the "socially necessary labor" or it will not. Let us see what happens to the exploitation of labor in either case. Suppose, to use Marx's terminology, that this has resulted in a reduction of the socially necessary labor for the production of a given commodity to one-half of what it was before, and what it still is in the plant which lacks the improved machine. Suppose this reduces the exchange value, as well as the price of the commodity, to no more than its wage cost in the old-fashioned plant; can you claim that labor in that plant is still being "exploited"? If so, the degree of exploitation, or the surplus-value, is equal exactly to zero (the difference between value and the labor cost.)

Suppose, to take the other horn of the dilemma, that the improved machine has been introduced only in one plant, that no one else can get it, so that the majority of the plants in the industry still have to work at the old rate. In that case, the *socially* necessary labor according to Marx remains what it was before the machine appeared. Therefore, the exchange value will not be affected and the owner of the new machine will reap an extra profit since he sells his product at the same price as his competitors and his labor cost is only

one-half of theirs. What is his extra profit due to? To greater exploitation of labor? Or to the productivity of his capital which, in the form of an investment in an improved machine, enables his workers to produce twice as much as before, with the same effort and the same and even less skill. Those who are not committed to preconceived theories of exploitation, say it is due to the specific productivity of capital. I leave it to my opponent to prove how labor is the source of this increased profit. Marx, himself, gave up the attempt in the third volume, but failed to call a spade a spade and to admit the productivity of capital as such.

LEE'S REPLY TO STONE

It seems to me that in my friend Stone's hypothetical case I detect two fallacies which invalidate his argument. He asks us to suppose that in one enterprise there is three-fourths fixed capital and one-fourth variable and in the other three-fourths variable capital and one-fourth fixed and that "all the other conditions are the same", and he further asks us to suppose that "this is a permanent situation". The supposition is doubly impossible. The composition of capital is not something that can be arbitrarily determined, without regard to other conditions. It is dictated by the technical requirements of the particular industry in the particular stage of development it has attained. The difference of composition between the two capitals necessarily implies that other conditions are not the same. Nor can any such situation be permanent. It is of the essence of capitalism that competing enterprisers must aim at cheapness and that, in pursuit of this aim, they must be forever changing their methods of production in ways which involve among other things a change in the composition of capital.

Presumably, Dr. Stone is comparing typical enterprises in two industries which are in very different stages of development. When he says that the two capitals are equal, I un-

derstand him to mean that their present values are equal one to the other. If this be so, we are compelled to admit that their profits will be equal. A little later we shall see what this admission amounts to. And if it be a fact that B's enterprise has three times as much variable capital as A's, and consequently employs three times as many workers, then it is quite true that the selling prices of the commodities turned out from these two enterprises must be out of all proportion to the amounts of labor spent in producing them. If this were a permanent situation, no doubt such a state of facts would be entirely inconsistent with the Marxian theory of value.

But, granting the situation which Dr. Stone describes, it must at once be said that no such situation can long endure. After all, B is not alone in his field. There is C, who is competing with him. C is an enterprising chap and has some capital to invest or the means of getting capital. He does not merely enlarge his business along the old lines. He introduces an improved method of production, by which his output per worker is increased and his unit wage-cost of production (and consequently his whole unit cost) is diminished. In order to employ as many workers as B does he must have a larger total capital, for technical improvement always means an increased proportion of fixed capital. With this larger capital, and with an equal number of workers, he turns out more goods than B can, and at a cost which enables him to make a slight cut in the selling price and still get a larger profit on each unit of goods sold. By this means he secures himself against B's competition and even expands his own business at B's expense. Very likely D will soon follow his example, and a further reduction in prices may result, involving a reduction of unit profit. In time—it may be a few years or it may be a good many—the new method will have become general in the industry, B and other such old-fashioned business men will have disappeared and the prices will have been adjusted to the new productivity of labor. And to say this is to say that this industry wil

have come nearer to the stage of development already attained by the industry in which A is engaged.

This is just what is taking place all the time. Fresh capital is always flowing more largely into backward industries than into highly developed ones—and not merely to expand them, but to revolutionize them, to bring them to a higher stage of development. In this process two things always happen—the ratio of fixed to variable capital is increased, and the prices of products are brought more nearly into proportion with the amounts of labor required to produce them.

If to say this is, as Dr. Stone claims, to give up the whole case for the Marxian law of value and of surplus-value, well and good. But that can only mean that Dr. Stone conceives of the Marxian theory as a static formula, whereas I hold that it was never so intended and that it is not so understood by Marxians.

Now how about that famous law of uniform profit? How about Engels' statement that equal capitals must yield equal profits in equal times? Well, if he meant what he is commonly understood to mean, and what the plain words seem to mean, I shall have the impiety to say that he was wrong. Since it seems to me unlikely that he could have been ignorant of certain facts which the man in the street recognizes as soon as they are pointed out to him, I suspect that Engels must have meant something a little different.

At the moment of its investment, any capital has a certain definite value. But it does not necessarily retain just that value after a substantial part of it has become fixed in the form of an industrial plant. If two equal capitals are simultaneously invested in two different industries, it is very likely that they will for some time yield approximately equal profits. So far, Engels' formula holds good in its obvious and literal sense. But at any time something may occur—a war, a change of fashions, a sumptuary law, or what not—which will increase or diminish the absolute profits of one enterprise without affecting the other. The profits are now unequal. Are the capitals still of equal value? If we say

they are, then assuredly Engels was wrong—and Marx too, for Marx used similar expressions. But in what sense are the two capitals still equal in value? Only in the sense that one originally cost as much as the other. If we test their present values in the only effective way, by putting both businesses on the market for sale, we shall find that they will sell for amounts approximately proportionate, not to their original cost, but to the amounts of profit they are now yielding.

In brief, once capital has become fixed, its value thereafter is nothing but a reflex of the profit that can be obtained from it. In this sense, and in this sense only, is it true of capitals actually in use that "equal capitals yield equal profits". The more lucid statement would be "Capitals which yield equal profits are equal".

To turn to another point. Such expressions as "Labor is the source of value" or "Labor produces value", convenient as they are because of their brevity, and permissible as is their use in many cases if we bear in mind just what we mean by them, are by no means accurate enough formulations of the Marxian theory of value to be suitable for use in a scientific discussion of that subject. It is after all not labor as such, but socially necessary labor, that has something to do with value. *Strictly speaking, it is not upon the labor expended in producing an article, but upon the necessity for expending that much labor in order to produce it, that the value of the article depends.*

Also, the proposition that the values of commodities are determined by the amounts of labor which are socially necessary for their production is not one of Marx's premises. It is one of a series of conclusions, to the demonstration of which he devoted a great deal of space, not only in *Capital*, but also in his earlier works. And it is, by the way, in some of those earlier works that the inductive rather than deductive character of the reasoning upon which this conclusion really rests is most clearly seen. If we wish really to understand Marx, we must be on guard against the somewhat mystifying effect of portions of the first chapter of *Capital*, in which,

as he himself says, he somewhat mischievously "coquetted" with Hegelian modes of expression. The Hegelian thought-method, especially as Marx and Engels developed it, is of immense value. The use of his peculiar forms of expression, I am inclined to think, is sometimes confusing.

BOUDIN'S REPLY TO STONE

Dr. Stone has raised a problem which is not new. That doesn't mean that it shouldn't be raised again, but frankly, I hardly expected it to be raised. In all these discussions we naturally think of the war and of Russia. I myself haven't thought of Boehm-Bowerk in twenty years anyway.

The problem of the so-called contradiction in Marx has been dealt with by socialist writers of various shades, opponents and adherents of the movement, for many years between 1894 when the third volume of Marx appeared and, say, 1910, when the discussion died out because other problems have arisen and occupied the movement.

The two problems that Dr. Stone has touched upon are these: One is the question of what happens to value in view of the uniform rate of profits. Now Lee has answered it. I just want to add one word to what he said. But before adding this word, I must make another statement by way of explanation and reminiscence.

In 1905 and 1906, I wrote a book on the *Theoretical System of Karl Marx*. In that book I dealt at length with this problem of the theory of value. I dared to suggest in a foot-note in that portion of the book dealing with this particular problem, that there is one point in Marx that needs further elaboration. I expressed the hope to be in a position at some future time and in some future work further to elaborate on the point. Unfortunately, I never had the chance to return to the subject.

On this subject, may I say just this: Dr. Stone has very correctly said that the Marxian economic theory consists of a

number of things which Marx had inherited or taken over from Smith and Ricardo and others, coupled with a certain number of other things that he has himself developed because of his quest for a solution of socialist problems. That Marx has inherited certain theories from Smith and Ricardo is unquestioned; and, I may say, to my regret at least, there is one point Marx took on faith from Smith and Ricardo, and that is this very point of the so-called uniform rate of profits. I say there is no uniform rate of profits. Lee has already suggested that. I will go further and say that if you analyze the question of the rate of profit with the same critical eye that Boehm-Bowerk and others have analyzed the Marxian theory of surplus-value, you will find that a uniform rate of profits is an absurdity.

Dr. Stone knows, as a matter of practise, that of two capitalists working not only in the same country, but in the same city, in the same industry, and perhaps even with the same composition of capital, one will make a larger profit and the other a smaller profit. That is why some fail and some succeed. This is a truism that I suppose I needn't dwell upon.

What does this uniform rate of profit mean then? It means—as all laws of economics mean—a *tendency*. Therefore, the word "tendency" is of the greatest importance, as Mr. Lee very properly said. When we say that a certain law is a "tendency" we don't deny the law. On the contrary, we affirm it. Because that is all the law there is in economics —certain tendencies. But those work themselves out ultimately.

Why did Smith and Ricardo believe in the uniform rate of profits notwithstanding the fact that, as a matter of practise, we know it isn't true? They were no fools. But they considered this problem very properly. If it were true that capitalist A can go on forever making 100 percent on his money while capitalist B is limited to ten percent in a certain other industry because of certain conditions, B will get out of his industry, if he can, and invest his money in the industry which gives the greater return. Therefore there is a *tendency* by the shifting of capital from one industry to

another to create a uniform rate of profits. That is all that the law of uniform rate of profits means. It doesn't mean an actual uniform return but an economic tendency or social tendency for the shifting of capital unless a certain level is developed which equalizes the return in the various industries until such a point is reached that it will make it unprofitable to shift further capital.

When you look upon the law of the uniform rate of profit from this point of view, you will find that the so-called contradiction that Marx had to solve was not a practical contradiction. And that is the great point. It was a theoretical contradiction. What happens to these two tendencies when they meet and clash? Marx has developed a very elaborate system, occupying nearly two volumes of his work—the third volume which is really two volumes—in order to explain all of this. He explains it to the satisfaction of some and not to the satisfaction of others. Personally, I am of the opinion that he explains it to the satisfaction of those who look upon economic theory as theory, that is, as an explanation of certain economic tendencies which have social consequences; and not to those who look upon economic theories as questions of practise that you can test in the stock market.

Now we must remember that Marx was not the writer of a news letter on the stock market, advising people how to invest in order to make a greater return. He was interested in explaining a social system and its development. And when you look at it from that point of view, I think there is no contradiction. The particular point I want to make is that if you want to follow out this point and see why there is no contradiction, you will find it in this very question of the shifting from one industry to another.

Let us take the simple problems that Dr. Stone has mentioned here. You take two capitalists. We will assume that each has a capital of $10,000. One runs a shop in which $7,500 is employed on machinery and $2,500 on labor. Another one works in a less developed industry, making artificial flowers or something like that, in which a lot of labor is used and comparatively little machinery. He employes $7,500 in

labor and $2,500 in machinery. Dr. Stone says, according to Marx, the one who employs $7,500 in machinery and $2,500 in labor ought to make a smaller return on his money than the one who uses more of his capital for labor and less for machinery. He assumes in practise that that is not the case.

But I say to Dr. Stone that if he will go over his statistics carefully he will find that that is actually the case. Only there is this point to bear in mind: In the industry in which the composition of capital is higher as we call it in Marxian terms, that is to say, seventy-five percent consists of machinery and twenty-five percent of labor, the amount of capital invested is usually much larger per industrial unit than in the industry with a lower composition of capital. In other words, you will never find that in an industry in which the proportion of "constant" capital, as we call it—machinery—to labor, is at the rate of seventy-five to twenty-five, the unit of production to be of the same size as the one in the industry with a lower composition of capital. And this will be true also for the entire industry. In the actual industrial world you will find that the artificial flower industry which has a low composition of capital, but little capital is employed; whereas in the steel industry, in which the composition of capital is higher, very large capital, great masses of capital are employed.

Now from the point of view of the individual capitalist, you will realize that if a man can use $1,000,000 instead of $10,000 in a certain industry, (and he has $1,000,000 to invest), that is the industry that is profitable to him; and that is the industry he will be in and will make more money than the capitalist who has his capital invested in the other industry, although the percentage return on his money is less.

Now what happens in a developing society? In the industries with a lower composition of capital, the rate of return is larger. But as large scale industry develops, you will find a squeezing-out process which drives people from the "higher" industries into the "lower" ones. People who have a certain amount of capital, not large enough to be employed in the steel industry, being forced out of that industry be-

cause of the higher composition of capital in that industry which requires a larger amount of capital per unit of production, tend to go into, we will say, the artificial flower industry. But then what happens to the artificial flower industry? The rate of profit will be diminished. But how will it be diminished? Not merely because there is greater competition in that industry now. But because the new influx of capital will change the *composition of capital* in that industry. If they continued forever to work with the same composition of capital, (if such a condition were possible), the rate of profits probably wouldn't be affected by the competition of the new capital. But the continuance of that condition is utterly impossible. The new influx of capital will only take place if the composition of capital in that industry is possible. Marx was right when he said there was a tendency to an equalization of the rate of profits, but only because there is a tendency to an equalization of the composition of capital. In other words, the influx of capital *will* change the composition of capital in that industry. That, in turn, will lower the rate of profit.

I have indicated my thought, and I leave it to Dr. Stone and others who are interested in the problem to think about it further.

STONE'S REJOINDER TO LEE AND BOUDIN

Two points have been raised in the discussion in reply to my analysis of Marx's theory of value. One deals with the relation between value, wages and profits; the other with Marx's solution of the contradiction between his theory of value and the uniform rate of profits.

As to the first. The point I made was that Marx's theory of value with its corrollaries that labor is the sole source of value and of profits (which are part of surplus-value) are sheer assumptions made by Marx which cannot be sustained either by actual facts in industry nor by deductive

reasoning. I pointed to the well known Marxian term "exploitation of labor" which the socialists apply indiscriminately to every form of profitable employment of labor by capital on the theory that labor is the sole source of newly created values and that profits are, therefore, that part of the newly created value which has been withheld from labor in paying it a mere wage.

I quoted as an illustration the case of a man who spends a part of his capital on the introduction of an improved machine, as a result of which the *same workers*, using the *same effort* with the *same* or lesser skill, turn out twice as many units of an equally good product as they did before. I pointed out that as long as the machine has not been generally adopted, the old prices will prevail and the enterprising manufacturer will reap a greater profit than his competitors and than the one he made before, which will be due not to increased exploitation of labor, as a Marxian would say, but because of the *specific contribution* of capital to the productivity of labor—a productivity of which labor is incapable without this additional capital.

I also pointed out that with the gradual adoption of the new machine by most of the plants in the industry, the price of the product will be reduced through competition to what it should be under the new conditions of the industry and that the plant which is still working under the old conditions will be working without a profit, or that the "exploitation of labor" will be equal to zero in that plant under Marx's own definition of value, wages and surplus-value.

The point I wished to make clear by these illustrations is that capital as a factor in production creates its own profits without necessarily exploiting labor. That there is such a thing as exploitation of labor is not denied, but that *all* forms of employment of labor for wages constitute exploitation is a Marxian theory that cannot bear analysis. Mr. Lee's rejoinder dealing in generalities, with most of which I agree, fails to deal with the point I tried to make.

Lee concludes the discussion of this matter with the remark that apparently I conceive of the Marxian theory as a

static formula, whereas he, Lee, holds "that it was never so intended and that it is not so understood by Marxians."

Nor is it so understood by me. If there is one thing on which I still agree with Marx and which I regard as his greatest and enduring contribution to social science, it is his dynamic conception of human society. All I say is that in this dynamic process of a constantly increasing productivity of labor, capital (next to the inventor) plays the principal part, that it derives its legitimate profits from the increased productivity of labor which it has helped to bring about and not from increased exploitation of labor. This, by the way, will account for the failure of Marx's prediction of the growing pauperization of labor to materialize. Well informed Marxians admit that labor is not getting poorer but on the contrary that there is a marked improvement in the standard of life of the working people not only in the United States but in every country where capitalism develops.

This dynamic factor brings us to the second controversial point: namely, the uniform rate of profits. The discussion of this point brings the interesting admission from two of the leading and best informed Marxists in this country, Lee and Boudin, that Marx and Engels were wrong when they talked of a uniform rate of profits. Boudin says that "Marx took on faith from Smith and Ricardo . . . the so-called uniform rate of profits," and follows it up with the emphatic declaration that "there is no uniform rate of profits." Lee likewise states that "if he (meaning Engels, though it equally applies to Marx) meant what he is commonly understood to mean, and what the plain words seem to mean, I (Lee) will have the impiety to say that he was wrong." With both Marxists who have participated in this discussion in accord in finding Marx wrong on this point I could stop right here. But that would hardly be fair as it would mean glossing over rather fundamental differences between us.

Both Boudin and Lee agree in saying that there is no such thing as a uniform rate of profits in the sense that different enterprises produce the same profit on the total capital actually invested; that the equalization of the rates of profit

takes place through the aid of the stock exchange or (which is the same thing) through the adjustment of the market value of the investments in each enterprise on the basis of the profits which each produces; this of course is something entirely different from what Marx meant and I am in full accord with my friends Boudin and Lee on this point.

But while they have traveled thus far in repudiating Marx's theory, they fail to take the next logical step and to admit that Marx was wrong in imputing the sole profit-making power to that part of the capital which is used for the payment of wages (Variable Capital, as Marx called it) and denying it to the part of capital invested in machinery (or Constant Capital in Marx's terminology). Boudin continues to share that error to the point of saying that capital employed in a highly developed industry like steel will bring a smaller return per $100 than an equal amount of capital employed in a hand industry like artificial flowers. In making this assertion he runs counter not only to Marx and Engels whom he repudiates, but to the well established fact, that the increased use of machinery will bring increased returns per unit of capital. Else, where would be the motive for business men to sink enormous and constantly increasing amounts of capital in improved and costly machinery?

My friend Lee takes refuge behind the point of the static and dynamic conceptions of the capitalist system. As to that, I venture to say that the marginal utility theory takes much more accurate and clear an account of the dynamic nature of the present economic order than the classical theory of which Marx was the last exponent. The marginal utility theory takes note of the change which is constantly going on in the application of capital and labor in modern industry. It makes no assumption of a uniform rate of profit—a static conception of the classical theory which Marx was unable to shake off in spite of his philosophic conception of the dynamic nature of human society. It takes cognizance of the changing composition of the fixed and variable parts of capital forced by new inventions. It notes the extra profit that the capital employed in an advanced plant makes be-

cause of its greater productivity or marginal utility as compared with the other plants in the industry. As the new machinery or method spreads to other plants, the marginal utility of the most advanced plant is gradually reduced and so are its profits. The profits of the other plants in the industry are likewise arranged in a descending scale measured by the difference between their relative productivity and that of the marginal plant whose profits are equal to zero. This constant tendency of profits to dwindle as they fail to keep up with the pace set by the most advanced plants, with the falling of the backward plants by the wayside which is so clearly brought out by the marginal utility school and so well explains the well known facts of large profits in some plants side by side with unprofitable enterprises in the same industry, many of which are forced into bankruptcy year after year—gives us a much more accurate and vivid picture of our present economic order than the Marxian labor theory with its artificial conception of a uniform rate of profit derived from the exploitation of labor in which capital is assumed to be always prosperous and piling up uniform profits while labor is held down to a subsistence level, even if that subsistence is the elastic quantity as explained and defined in Lee's paper.

There is much I would like to say in reply to Lee's general philosophic observations as to the conflict of interests between labor and capital, with some of which I am in full accord, but the limitations of space compel me to adhere strictly to the subject of our discussion, namely Marx's theory of value. How far this theory of value had led Marx from a true conception of the workings of the capitalist economic order in spite of his keen powers of perception, can be seen from his theory of industrial crises which I have discussed in another part of this volume.

CHAPTER XV

SOCIALISM AND INDUSTRIAL DEMOCRACY

By Henri de Man

WHAT is wrong with the economic interpretation of history from the point of view of socialism is that its subject is history, viz. things that have happened, and not socialism, viz. things that ought to happen. It is an instrument of research, that can help us to understand certain historical events (by no means all history), such as the rise of industrialism and the changes it effected in the whole fabric of civilization. Like all methods of research, it is no scientific truth by itself, but only a tool for its discovery. Though not by any means the only tool available, it has been extremely useful at a time when economic factors were unduly underrated, and its usefulness in research work is far from being exhausted. Its worth, as that of all instruments, ultimately depends on the individual ability of the scientists who use it, and he will employ it best who takes it not as a dogmatic system to be proved by facts but as a hypothetical starting point for the discovery of actual and limited causal relationships.

ECONOMIC INTERPRETATION OF HISTORY

The economic interpretation of history becomes a falsehood as soon as it is developed into a philosophy that purposes to explain all social evolution by economic causes, or, indeed, by causes of any definite order classified by science.

To understand the progressive evolution of humanity and the tasks assigned to it, no knowledge of causes is sufficient; aims must be assumed as well. As a matter of fact, they always are covertly assumed by the builders of causal systems,

who then hide—as Marx did—their preference for certain aims under the cloak of a theory of causes which they believe to be working towards them.

NON-ECONOMIC FACTORS

The evolution of the socialist-labor movement itself—which Marx tried to interpret as the effect of economic causes, cannot be understood unless one accounts for causes—in the first place ideas—not derived from the economic environment. In fact, the whole struggle of the labor movement and of socialism is an attempt to counteract economic tendencies by acts of the will, directed towards the ideal of securing for mankind the control of its economic destinies, instead of being controlled by them.

Marxists of the revisionist school, such as Friedrich Engels himself in his later years, have tried to adapt their philosophy to experience by admitting that ideas could, in their turn, react on economic conditions and therefore be causes as well, though of a mysteriously less ultimate character than the economic facts which were thenceforth relegated to the somewhat vague condition of causes "in last analysis." But this admission means in fact the rout of every philosophy of history based on the assumption of one particular kind of causes, since causes which are influenced by their effects cease to be causes, and most certainly cease to be ultimate. Thus the only alternative left is either to hang on to a set of formulæ which have been emptied of their precise original meaning, or to admit that any purely causal interpretation of history is scientifically absurd.

The economic interpretation of history then, becomes a method for the study of certain relationships that condition and limit the effectiveness of the human will directed by aims, but ceases to be a method by which these aims can be determined. It remains a contribution to the doctrine of conditions, but it is no longer the foundation of a doctrine of aims, values and demands.

SERVICE RENDERED BY ECONOMIC INTERPRETATION

Thus the Marxian analysis of industrial economics, while remaining an extremely important contribution to the understanding of the capitalistic environment in which the socialist-labor movement evolves and operates, loses all claim to justify the aims of that movement. It may help us to explain how, under certain conditions (as the historical, psychological as well as economic difference between Europe and America shows), socialism could be accepted as an aim by the European labor movement. It can explain the existence and some of the chief motives of class struggles. It can show us facts that limit the possibilities of certain social changes under given conditions. But it cannot give us a standard of values by which to choose sides in those struggles. It cannot justify our preference for a different social order. It cannot give us the will to create that order. It cannot prove this will to be in accordance with principles of equity that hold good for all men, regardless of their particular economic position.

Marxism, therefore, though remaining important as a contribution to the science of capitalism, has lost its claim to found a doctrine of socialism. Socialism can only be justified by starting from the belief that there is a desirable aim to human progress and social evolution, that this aim is the realization of values of a more eternal and general character than the interests of any particular class under any particular system, and that, therefore, it demands from each one of us a conscious personal decision of a character as absolute as any decision imposed by an ethical or religious creed.

MARXISM AN OBSTACLE TO COOPERATION

If socialism were, as Marx believed it to be, the necessary outcome of highly developed capitalism, according to the alleged natural laws of concentration, of industrial overproduction and increasing crises, etc., then the United States

would have become a socialist commonwealth long ago. At any rate America would have a more powerful socialist-labor movement than the economically less advanced European countries. That this is not so not only proves that the theoretical assumption is wrong. It also proves that, by narrowing down the scope of socialism to the size of a mere struggle for class interests, by associating it with a philosophy that sneers at all motives of such general appeal as ethical or religious principles, by preaching a credo of revolutionary violence that was only justified at the time when Europe's struggle for socialism was a rebellion against undemocratic government, by instilling into its followers a narrow pseudo-scientific dogmatism that blinded them to all more universal and human views, Marxism has been for the last half-century the chief intellectual obstacle in the way of universal understanding and cooperation between workers and socialists.

Even in Europe, it has become more and more powerless—in spite of the lip-service that is still more convenient to many than the effort of a fresh intellectual start—since the days when organized labor won enough freedom to transform its struggle from a fight against political oppression into a constructive endeavor to establish new human relationships based on new human motives.

FOE CAPITALISTIC SPIRIT, NOT PHYSICAL FORCE OF GOVERNMENT

In the era of free and universal suffrage, collective bargaining, legalized workshops, representation and free popular education, when there is no other limit to social reforms than the people's own capacity to will, achieve and operate them, the enemy to be fought is no longer the physical power of governments. It is a foe much more subtle and much more powerful, one that cannot be overthrown by revolutions: the capitalistic spirit. By this I mean the psychic condition on which capitalism thrives because it puts wealth above all other human values, because it makes all people believe that the life of the capitalist is the more desirable life, because it

makes the desire for unlimited wealth and power the leading motive of social activity, instead of the spirit of service to all and the pride in things well done. Hence the fact that, even in Russia (in spite of the extremist terminology, nay, under its cloak), the spirit of easy opportunism, of corruption of the powerful by power on the one hand, and of disillusioned skepticism on the other hand, is making such fast progress. And this progress is bound to last unless a new impetus comes from the realization that socialism defeats its own purpose by identifying itself with the struggle for the capitalist values, "economic interest" and "power". For thereby the labor movement is degraded to a means of infecting the masses with the false creeds of our machine-made civilization.

THE NEED FOR INDUSTRIAL DEMOCRACY

What is universally needed, therefore, is a conception of the labor movement and of socialism based on principles of equity and embodied in immediate demands—demands that, because they are immediate, involve the assumption of responsibilities, of duties as well as of rights. Of these demands the most urgent and the most evidently justified seems to me to be condensed in the slogan: industrial democracy.

Socialism as slavery under the state would be worse than capitalism as slavery under the employer, unless conceived as the application, to the field of social and economic relations, of the ideas of self-determination which are the gist of all Christianity, the creative principles of our Western civilization, and which were but incompletely and therefore unsatisfactorily realized in the political field by the great democratic revolutions of Holland and England in the seventeenth century, America and France in the eighteenth and the other countries between 1830 and 1918.

The essence of all that is good in socialism is that it aims at giving men—not in politics alone, but in production and in all group activities—the institutional opportunity of determining their own lot.

This is nowhere more important than in the place where

most men spend most of their lives: the workshop. Here is the source of the oppression which has turned the relation between those who plan production and those who carry it out into a relation between masters and servants. This relation has not only created modern mass poverty, insecurity, personal dependence, chronic fear, irresponsibility and joyless work. It has also poisoned the whole of social life by founding a hierarchy of upper and lower classes which is at the same time a hierarchy of social values with money on the top.

In the light of these new taskes, which are doctrinal tasks only in so far as a new consciousness of aims is educationally needed for new impulses, the academic points raised by the laws of capitalist concentration, increasing misery, etc., seem to me to lose very much of their importance. The real issue lies beyond them.

INCREASING MISERY AND THE SOCIAL IDEAL

It can readily be granted, for instance, that capitalism, if left to itself—as it practically was in Europe when Marx lived—would condemn the workers to the increasing degradation which he foretold. There is evidence enough that, even in countries like the United States, which have of late witnessed unparalleled so-called prosperity, due largely to increased mechanical productivity, this development is far from leading by itself to general well-being. Even though it means increased earnings for a large section of the working population, it makes the problem of chronic unemployment more threatening than ever (which is indirectly a menace to the privileged workers themselves); it creates a well-nigh unbearable pressure on the labor and living conditions in agriculture, where the increase of productivity is naturally far more limited, and thus makes the problems of the overpopulation of cities and of the exhaustion of natural supplies more and more acute; and it does not do away with the ever increasing psychological tension between mass desire and mass satisfaction, which, after all, is the only available standard for gauging poverty.

But what does all this prove with regard to socialism, unless one starts from the wrong assumption that the more miserable the workers are, the better able they will be to reform society? And what does it mean with regard to the big problem that faces socialism, which is a problem of wealth only in so far as poverty is an obstacle to happiness?

Socialism will matter less than any of the now flourishing successful employers' philosophies, unless it can answer the question: Can we create a new and higher ideal of happiness —or vivify an existing but thwarted ideal—whereby a humanity that produces more may be turned into a humanity that enjoys life more and deserves it better? I believe we can, because there is something which all men will crave more than wealth, something to which possession itself is only a means; namely, freedom, self-determination, dignity, a life—and a job—worthy of the purpose of a "Lord of Creation." Well, then, if that is the aim to which we have to subordinate all else, the first question to be asked by the workers is not: What would happen if we willed nothing—but: What is it we have to will in order that something better may happen?

CONCENTRATION VS. PROBLEMS OF DEMOCRATIC MANAGEMENT

Again it may be granted that, on the whole, the Marxian prediction of concentration of business has come true. But then the question arises: Has this concentration brought us nearer to socialism, as Marx thought it would, or has it not rather resulted in a capitalist oligarchy more strongly vested than the petty tyranny of small independent employer-capitalists? How can those big concerns be run for service rather than for profit, without loss of productivity? How can they be turned into communal enterprises without relying on utopian changes in the motives of the men that keep them going, and without losing the economic advantages of rationalized large-scale production? How can we keep them from developing, by their very increase in size, a bureaucratic rulership that, under any system of ownership, would reduce their workers to the condition of mere human conveniences?

If one faces these problems, one realizes that here, too, the task of industrial democracy lies beyond the realization of the fact of concentration. It primarily involves problems of the management of men, which cannot be solved except by deliberately aiming at the government of production by the consent of the producers in all producing units. Socialization of management from below—with the labor unions and cooperative societies as the chief driving force—then appears as a preliminary condition to any fruitful socialization of ownership from above by government interference.

DISAPPEARANCE OF MIDDLE CLASS AND SPIRITUAL DEPENDENCE

As for the disappearance of the middle class—how remote do Marxian speculations about the elimination of artisans, small employers and business men appear in view of the fact that, by its very concentration, modern capitalism is holding an increasing number of people in a semi-feudal bondage much more effectively than a century ago! It does so through its methods of salesmanship, its generalized small stockholding, its hold on the credit system, and last, but not least, through its control over the spiritual means—such as the press—which shape the social ideals of the millions. The independent middle class in the nineteenth century sense is much less of a problem nowadays than the new middle class spirit of too easy contentment and spiritual dependence on conventional social standards which is poisoning the working masses themselves.

And as for the theory of surplus value, is not our chief concern today the effect of increased productivity on the actual relation to be established between prices, profits and wages, rather than speculation on abstract relationships of value under an imaginary system of given productivity?

CRISES, PROSPERITY AND DEMOCRACY

As for the Marxian theory of economic crises leading to a collapse of capitalism, it has been so strongly disproved by

experience that it may be said to have been entirely dislodged by the new problems of imperialist expansion, the control of industry by finance, the adjustment of labor supply to demand according to trades and localities, and the like. But above all, the big issue remains: *Even if capitalism itself should be able, as it very well may, to make business oscillations less extreme, should we have to bow to prosperity, simply because our predecessors have been wrong in assuming that misery would lead to revolution? The real task, then, is not that of making political capital out of mass poverty, but that of preventing material prosperity from being an obstacle to the democratization of industry and to spiritual progress.*

IN FINAL SUMMARY

To sum up, I should thus answer the question as to "what changes should be made in socialist philosophy and tactics":

Socialist philosophy should admit the failure of the attempt to explain socialist aims by capitalist causes. Socialism should, instead, justify its demands by appealing to motives common to all mankind, such as the belief in the equal right of all men to higher happiness through self-determination of their communal destinies. Far from becoming thereby a vague movement for ethical uplift, it will increase at the same time the definiteness of its institutional demands, crystallizing around the central program of industrial democracy, and the power of their driving impulses; then these impulses will no longer rely on the too easily diverted and too easily satisfied desires for economic advantage or political privilege, but appeal instead to the strongest and most insatiable of human passions —the craving for freedom and self-respect. The struggle of the workers for more happiness can be made more powerful by adopting an aim—industrial democracy—that lies beyond the mere conquest of wealth or power. This will make their movement a part of the general upheaval of human conscience against a system of civilization that would make money the purpose of life and that would, therefore, use men as mere means to make wealth for other men.

MR. JAMES ONEAL: May I comment on Mr. De Man's paper? His criticisms largely follow his very suggestive book, *The Pyschology of Socialism*, and I find it difficult to accept the premises he offers and some of the conclusions he suggests. He declares that from the point of view of socialism economic determinism is wrong because (1) "its subject is history, viz. things that have happened, and not socialism, viz. things that ought to happen;" (2) Marxists having admitted that ideas may react "on economic conditions and therefore be causes as well," this means the rout of economic determinism "since causes which are influenced by their effects cease to be causes, and most certainly cease to be ultimate;" (3) that socialism can only be justified on the belief in "values of a more eternal and general character than the interests of any particular class."

CHAPTER XVI

CONCLUSION

By Norman Thomas

UPON the thoughtful reader these discussions are likely to produce, we think, one dominant impression. That is that the battleground of modern socialism is not coextensive with the battleground of Marxism or what was popularly regarded as Marxism fifteen or twenty years ago. What contributes most to that conclusion is not the defeat of the Marxists. This book gives evidence that they can put up a powerful case for themselves. It is rather that doctrines which have to be so guardedly stated in terms of tendencies (concerning some of which so ardent a Marxist as Louis Boudin admits he has thought little and discussed less in the last ten years), have lost a very considerable part of their power over the minds and deeds of men.

This theoretical conclusion is strengthened by our every-day practical observations. Men and parties fight for or against socialism without troubling themselves to attack or defend or even to understand, let us say, the theory of value. The great task for us is to continue that intensive study of the cruelties and wastes and wars of capitalism which Marx was the first to analyze after painstakingly amassing the evidence. And the great question is whether and how men can learn to manage the land, natural resources, great aggregations of machinery and public services, which by all logic should be collective property, for the use of society rather than for the profit of a few private owners.

In facing this question, however, some or all of the doctrines which have been the subject of debate have real importance. Take, to begin with, the materialist conception of history or economic determinism. That may be bad or at any rate

inadequate metaphysics in an age when matter itself is being interpreted in terms of energy. It may be bad psychology as well as bad philosophy if it implies an inexorable fatalism in the movement of human society. Max Eastman's well known and brilliant discussion of *Marx to Lenin*, distasteful as it is to many socialists as well as to all orthodox communists, is at least suggestive on this point. There is a place in the practical development of human institutions for creative energy of the revolutionary will to which socialists have always in fact appealed. Yet how much hypocrisy can be avoided if we will recognize plainly the easy way in which men or dominant groups among them have always rationalized their group interests, fundamentally dependent on the way they make their living, into notions of eternal right and wrong! And how many Utopian mirages we may escape by the simple process of remembering that we cannot mold a civilization based on machinery and composed of living men trained in the specialization and interdependence which machinery necessitates as if we were gods beginning life on a new made world. Whether you like to speak of a society "determined" or "conditioned" economically, whether or not you hope under a juster order to diminish the power of economic factors in human life, to recognize now the power of these factors is essential to understanding or seeking to shape the evolution of society.

The theories of increasing misery and of crisis which, in a sense, may be said to be Marx's application of the economic or materialistic interpretation—as well as some other doctrines—to the future have been too fully discussed in the foregoing pages to require elaboration here. Unquestionably they have not indicated as precisely the time or method of capitalist collapse as an earlier generation of socialists had believed.*

* In the light of the degree of collaspe which Europe endured after the World War and the experience of Russia in the transition period we cannot possibly assert that automatically, as a result of collapse, men can set up and run any new order. The problems of a transitional period are far greater than many earlier socialists assumed.

Nevertheless, it seems to us that in their reaction from a somewhat naive faith in the economic breakdown of capitalism in a near future some theorists have gone over to an equally blind confidence in the power of a flexible capitalism to avert these calamities by developing new industries or by elaborate programs of public works. That is yet to be proved. It is not proved by America's spotted prosperity since the war. Capitalism is a long way from automatically solving the tragedies of waste that Stuart Chase has analyzed. It is still farther from satisfying the desire of men for liberty and farthest of all from eliminating the danger of war. Our spotted prosperity has rested largely on the growth of a whole new industry: the manufacture and sale of automobiles. Nothing of similar magnitude is on the horizon. Real wages are rising little, if at all; the index of factory employment is falling. Conservative economists like Foster and Catchings begin to worry about what they call the dilemma of thrift. American investors frantically seek markets for surplus capital abroad. We have entered on the imperialist stage. No modern forecast of the future of capitalism can avoid considering large scale war as the inevitable outcome of the rivalries and hates of imperialism which in itself is an aspect of capitalism, or of the present union of capitalism and nationalism.

The theory of value in its technical sense can be dismissed as least important of all for the non-academic citizen. It does, however, emphasize the broad social fact that there is no available wealth without work and that capitalists do not pass on to their heirs actual wealth but claims on other men's labor.

Of far more significance is the theory of the class struggle, or the class war, as the communists prefer to call it. To call it war heightens the difficulties inherent in that over-simplification of the doctrines which have been dealt with from various angles in the pages of this book. Certainly there is no clean cut division of society in two and only two inclusive groups with easily identified community of interests within the groups. But equally certain there are "two kingdoms of

the rich and poor" in Disraeli's phrase, two houses, one of Have and the other of Have Not, two great classes of those who live or seek to live by owning and those who must live by working. Class struggle, *the* class struggle is a fact, even if the battle lines are confused and in neither camp—especially that of the workers—is there complete solidarity. The question is how much to emphasize the struggle in propaganda. Bernard Shaw has just shown that it is possible to write a magnificent socialist book from the standpoint of men as consumers with scarcely a reference to the class struggle. The communists are showing in Russia and in less degree in other lands how powerful a force hatred of a master class may be in solidifying the workers. (This is not to imply that Russia's remarkable achievements are all based on hate). What if the theory of class war is over-simplified and does not perfectly work out even in Russia? Men need a unifying concept, a social "myth" even though that myth does not confirm one hundred percent to reality. Have any of the great social myths of religion and politics, down to the modern myth of nationalism been wholly supported by cold fact?

The question, then, of the emphasis on the fact of class struggle will depend largely on the more general question of tactics. It is here rather than on the Marxian doctrines that the great battle rages. Few socialists there are who do not wish a class-consciousness to unite the workers, a consciousness which will transcend immediate differences of interest. But many socialists there are who regard large scale war as so disastrous in its effects under modern methods of slaughter that they refuse to appeal to it and the fears and hates which engender it as the best way of social salvation.

Here is a fundamental difference from communism, more basic than discussions of democracy versus the dictatorship of the proletariat. Indeed, under relatively peaceful conditions of change we must defend some sort of democracy whereas war means dictatorship not so much of the proletariat as of some strong individual or group.

Roger Baldwin in his stimulating discussion made the point

that socialism must be on its guard against descent into opportunistic and nationalistic reformism—a danger which Trotsky says besets even the Russian dictators. Against the danger of reformism is the danger of war which Mr. Baldwin as a pacifist and libertarian recognizes. And thereby he destroys much of the force of his own eclectic communism which would keep clear cut a revolutionary program but avoid in ways he does not explain the disaster which communist theorists assume.

The communist theory is at least fairly consistent. We are in a class war which justifies every means not only against the capitalists but against all active labor leaders who do not accept the communist creed and tactic. Victory in class war will have its great moment when the inevitable world war which imperialism engenders shall have reduced the workers to a state of misery wherein they will accept the leadership of the disciplined nuclei of communists and turn world war into world revolution. All political present activity including that against imperialism—always excepting Russian imperialism, in Georgia for instance—is solely educational. That is the basis of the communist tactics. It is an assumption which already has interfered at times with the immediate results communists must seek in Russia and in such labor unions as they may capture in other countries. Few workers not in a pathological condition willingly accept the doctrine of salvation by overwhelming disaster.

How to keep communist zeal and communist internationalism but reject this theory and the method based on it Mr. Baldwin does not explain. Yet that is the socialist problem. How shall we avert particular wars while changing the system which breeds war? How establish socialism without world war which by its suffering, madness and destruction is little likely to bring socialism or any sure salvation? How seek immediately desirable results without losing sight of the new social order which is our heart's desire? How shall we acquire under our imperfect democracies, dominated by capitalism, the power and experience to work out a cooperative commonwealth?

Such, we believe, rather than the old debates, are the vital subject matter for socialist thought and action, and on them the book sheds valuable light. Certainly we shall not achieve the goal by a purely instinctive sense of class interest. It will take conscious thought, conscious sense of ideal values, to unite the workers in that quest for plenty, peace and freedom which is our right. Racial, religious and national prejudices will not fall simply by bidding workers think of their own interests which as trade union history shows even workers of one nation do not instinctively find identical.

In the quest for the good things the federated cooperative commonwealths of the world might bring to the workers, we cannot ignore the possible service of intellectuals, thinkers and technicians, nor can we reject the help of these rare individuals in a more fortunate class materially who do not find in wealth the values they seek for themselves and their children. There is room in this crusade for men of different gifts, temperaments and points of view so long as they seek to make real a fellowship of free men here on earth.

No one book is sufficient for the statement or restatement of socialist theory and tactics. This we offer in the hope that its discussions may help to clear the ground and point the way to renewed effort in the faith that man can control the intricate machinery he has had the wit to invent for his social salvation, rather than let it bring him and all his works to oblivion.

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